

SAN JOSE MANAGEMENT STUDY TASK FORCE



To Recommend Improved
Cost Control, Efficiency
And Resource Management

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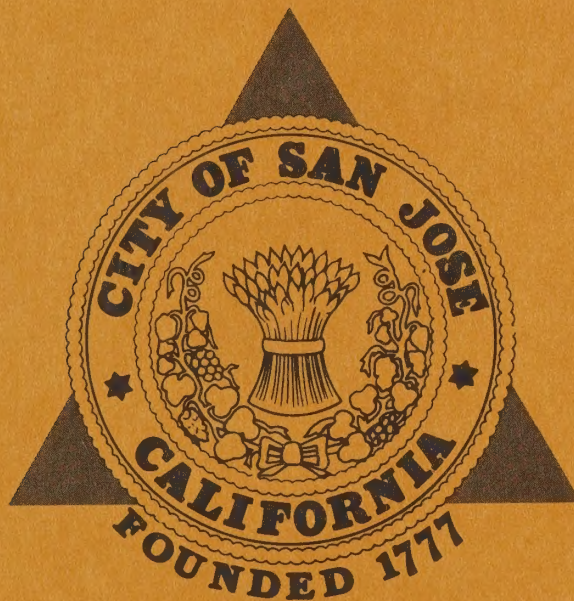
CITY OF SAN JOSE

TASK FORCE STUDY MANAGEMENT SAN JOSE

Prepared by the Task Force for San Jose Management Study
a private public partnership to recommend improved cost control,
efficiency and resource management.

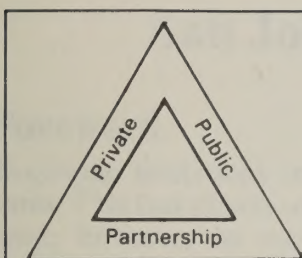
"This study undertaken by Task Force for San Jose Management Study — a private public partnership to recommend improved cost control, efficiency and resource management. Report printed at City Expense."

SAN JOSE MANAGEMENT STUDY TASK FORCE REPORT



Editor: Don K. Winterhalter
Executive Director

March 1981



San Jose

Management Study Task Force

... to recommend improved cost control, efficiency and resource management

March 1981

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Dean Emeritus & Consultant
Graduate School of Business
University of Santa Clara

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Santa Clara County Manufacturing Group

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Syntex Corporation

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San Jose Water Works

EX-OFFICIO

Janet Gray Hayes
Mayor, City of San Jose

Francis T. Fox
Manager, City of San Jose

EXECUTIVE DIRECTOR
Don K. Winterhalter
IBM Corporation

Mayor Janet Gray Hayes
City of San Jose
San Jose, California 95110

Dear Mayor Hayes:

The Operations Board, Executive Committee, and the Overall Review and Comment Committee are proud to present the analysis and recommendations of the San Jose Management Study Task Force.

This report is a result of the cooperative working relationship developed this past twelve months between employees of the City of San Jose and loaned executives from private industry in the Santa Clara Valley area. More than 9,000 hours were contributed by the private sector to complete this project.

As Chairman and Executive Director it is our pleasure to recognize and pay tribute to the dedication and hard work of the project leaders and project members who contributed their time and effort to complete this review. Credit is also due each of the contributing organizations who generously provided the Task Force with talented personnel, financial aid, and other forms of support.

Equally significant was the cooperation and positive attitude displayed by members of the City Council, Administration, and the Employee Representative units. Members of the Task Force commented continuously on the dedication and sincere desire of the city employees to serve the public in an "excellence" tradition. It is with this in mind that we anticipate the ongoing successful private public relationship.

It is our understanding that many actions have already taken place to implement the recommendations. We are confident that every effort will be made to ensure the successful completion of these recommendations.

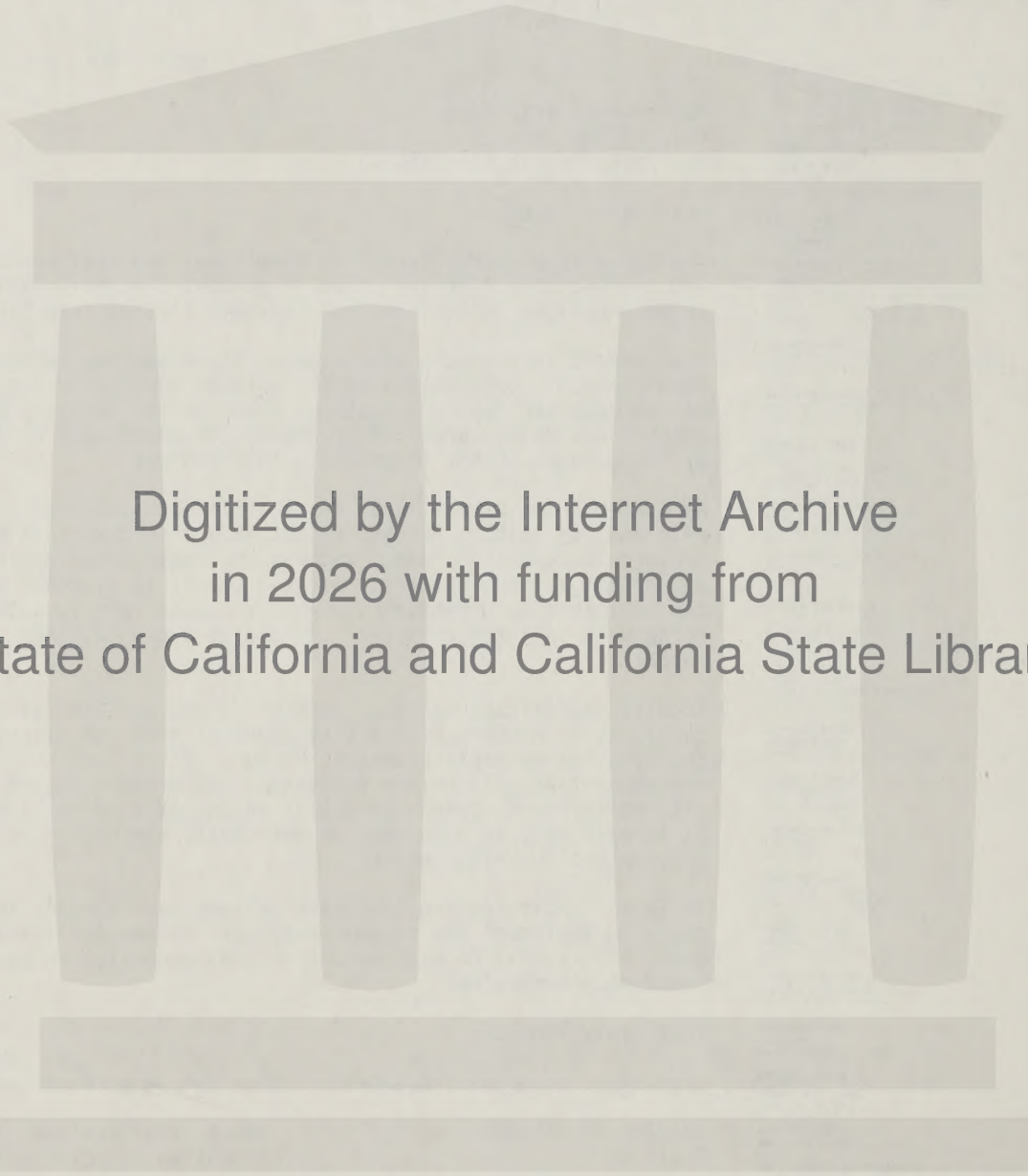
Very truly yours,

Charles J. Dirksen

Charles J. Dirksen
Chairman

Don K. Winterhalter

Don K. Winterhalter
Executive Director



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San Jose Management Study Task Force

Foreword

Economic limitations force reduced expenditures. This fact affects society on the personal level; however, its most significant ramifications are directly felt at the industrial and governmental levels. Therefore, it comes as no surprise that the City of San Jose, with an annual budget of \$400 million and a payroll of 4,000 employees, should be actively concerned with the challenge faced by local governments everywhere in 1980: How can a city continue to provide vital services to a growing constituency in the face of increasingly limited revenues? This challenge is perhaps more acute in San Jose than in any other major American city. San Jose has been the fastest growing major city in the U.S. since 1970, and as that decade drew to a close, civic leaders in both government and industry recognized that their most important responsibility in the future would be resource management.

San Jose faces many of the same management challenges routinely confronted by comparatively sized private corporations. In fact, the public and private sectors have enough in common that the call to "manage the City like a Business" was, and continues to be, expressed by cost-conscious constituents and members of the press. Responding to this clear mandate, San Jose Mayor Janet Gray Hayes and members of the City Council concluded that an objective review of the city management functions might point the way toward improved productivity, cost efficiency, and controlled use of available resources. City officials desired to attain these goals while avoiding any reduction in the level of municipal services. They turned to the business leadership of the San Jose Metropolitan Area for suggestions, and the response was both swift and enthusiastic. Their creative answer to this challenge was the formation of the San Jose Management Study Task Force, henceforth, simply referred to as the Task Force. It was an effort both monumental and individual in its aims, scope, and ultimately its success. For this group of business executives; loaned by many of the area's top corporations, have made recommendations

that, if implemented, could represent a potential annual savings of approximately \$3.5 million. The city will be able to achieve these savings for a comparatively modest investment of \$195,000.

Sponsored by the San Jose Chamber of Commerce and the Santa Clara County Manufacturing Group the Task Force was comprised of the most distinguished group of corporate executive talent ever formed in an area with a reputation for managerial innovation and expertise. It operated along clearly established lines of internal responsibility. Day-to-day activities were the responsibility of a four-member Operations Board. The Board was chaired by Charles J. Dirksen, Dean Emeritus and Consultant, Graduate School of Business of the University of Santa Clara. Vice Chairmanships were filled by Ronald R. James, President and Chief Executive Officer of the San Jose Chamber of Commerce, and Peter B. Giles, President of the Santa Clara County Manufacturing Group. Rounding out the Operations Board was a full-time Management Task Force Executive Director, Don K. Winterhalter, who was on extended loan from the IBM Corporation. The Task Force Study would not have been as successful without the secretarial support of Kay Hufstедler, who was also on full-time loan from the IBM Corporation.

The Operations Board formed the Task Force Executive Committee by inviting a group of top level corporate executives from the Santa Clara County area. Worthy of note is the fact that all of the chief executives who were invited to serve on the Executive Committee agreed to participate. This committee was charged with establishing overall strategy and responding to the City's suggested list of projects deserving detailed analysis.

The San Jose Management Study Task Force Executive Committee included the following members:

- Roy H. Beaton, Senior Vice President & Group Executive, Nuclear Energy Group, General Electric Company.
- Albert Bowers, President & Vice Chairman of the Board, Syntex Corporation.

- Halsey C. Burke, President, Burke Industries.
- Pamela Buttery, Partner, Wolff-Sesnon-Buttery, A Development Company.
- Howard W. Campen, Retired County Executive, Santa Clara County.
- Philip S. Devirian, Jr., Vice President, FMC Corporation.
- Robert A. Fuhrman, President & Chairman of the Board, Lockheed Missiles & Space Company.
- Joe M. Henson, Vice President, General Products Division, IBM Corporation.
- Harry Kallshian, Vice President, Santa Clara County Manufacturing Group.
- James P. Miscoll, Senior Vice President, Bank of America.*
- McKenzie Moss II, President, Bank of the West.
- David Packard, Chairman of the Board, Hewlett-Packard Company.
- Stanley I. Siegal, Partner, Price Waterhouse & Company.
- Robert C. Wilson, Vice Chairman of the Board, Memorex Corporation.
- Jay W. Weinhardt, President, San Jose Water Works.
- *Robert J. Finocchio, Senior Vice President, Bank of America, replaced J. P. Miscoll — recently promoted.

Ex-officio members included:

- Janet Gray Hayes, Mayor of the City of San Jose.
- Francis T. Fox, City Manager of the City of San Jose.

In support of the Executive Committee, the Operations Board also carried out Task Force policies, interfaced with municipal officials, and conducted an initial review of project recommendations before they were adopted by the Executive Committee and presented to the San Jose City Council for acceptance.

The Task Force operated under the philosophy that the study should be a legitimate partnership between the private sector and the City administration. Therefore, it relied from the outset on suggestions from the office of the City Manager to isolate areas for in-depth analysis. The Executive Committee worked with the Executive Director to isolate areas

where the transferrable skills of Task Force project members would be effective in analyzing government problems.

Preceding any study activity, the Executive Director conducted informational sessions with the city's top management, the Mid-Management Group, and Employee Representative Units President and business agents. The project areas were identified and the Task Force methodology was outlined to ensure clear understanding, paving the way for strong cooperation between the public and private sector participants.

Out of the first three study areas suggested by the City—personnel, vehicle management, and contract services—the Task Force ultimately conducted 19 specific investigations. Once they isolated these study areas, Executive Committee members recruited executives from area corporations to perform the work of detailed analysis, periodically reviewing the progress of each study project and ultimately approving the final recommendations. Later, at the request of the City, the Executive Committee added permit processing, intergovernmental affairs, and civil service rules reviews to the list for analysis and recommendations.

Problem solving and specific Task Force study approaches differed in style, methods of data inquiry, and reporting. Yet the specific investigations had many features in common. Each study area was subjected to a thorough background review and an analysis of possible improvements.

Recommendations submitted by the Task Force did not result in immediate monetary cost benefits in every case. Additional work by the City Administrative staff will therefore be needed in these cases to achieve demonstratable savings. Yet as these recommendations are adopted and implemented by the City, ongoing savings will be realized by the City of San Jose area. One example is reduced costs for property acquisition and construction by improving the timeliness of real estate acquisitions, thereby reducing the effects of inflation.

Another vital component of the Task Force was the Overall Review and Comment Com-

mittee. Lead by Sigmund Beritzhoff, Vice President, Wells Fargo Bank, this group was charged with broadening the base of community input to include minority spokespersons, organized labor, and professional groups. In addition to supplying an additional source of executive talent, the Committee provided balance and community support for the Task Force recommendations.

Task Force participants agreed at the outset to serve only if their recommendations would be actually implemented by the City. To fulfill this goal, members of the Executive Committee will continue to meet with the City staff every three months to review the progress and implementation of the recommendations.

After a period of twelve months and consuming more than 9,000 executive hours, conservatively valued at \$750,000, the Task Force has met its fiscal goals. It has successfully managed to deliver numerous suggestions to improve efficiency and reducing expenditures within the budget. Yet, much to the satisfaction of all involved, the achievements have transcended tangible monetary savings. The Task Force effort has begun to create a vastly improved sense of morale among City management staff members. As the Task Force began its work during a transitional period in city government, volunteers encountered a lack of management direction and a high level of employee turnover. Since the study was completed, these problems have largely been rectified through the City's own internal management reorganization.

Also, the employees have benefited by a program of training sessions for City management staff members. Guided at the beginning by corporate executives, these seminars will gradually be taken over by City employees themselves, and will continue indefinitely. Another \$750,000 worth of private sectors' executive time has been earmarked for this series of management training through this program.

The story of the San Jose Management Study Task Force provides evidence that public-

private teamwork can solve complex problems associated with all participants from business and government alike. Business executives learned first hand many of the problems confronted by City staff members who must make decisions in an atmosphere of total public exposure.

The results achieved would not have been possible without the cooperation and assistance of the City staff, who lent their expertise and time. It was evident from experience that the City has many talented and dedicated employees. Typical of the response received from Task Force project members was their comment: "I found the people on the City staff we contacted to be professionally competent, and fully cognizant of their role in balancing the demands of their function with protecting the public interest. I hope our recommendations can be implemented for the benefit of all."

In summary, the San Jose Management Study Task Force has lived up to the expectations of everyone involved in the effort. This success was due to the distinguished corporate chief executive officers who, through their influence and direction, provided the high caliber of business executives who generously donated their time to the study. In addition, project areas were agreed upon by the City and the Task Force whereby transferrable skills of private sector executives could be matched to study the problems, and ensure the most effective recommendations. Fulfilling the objectives of the Task Force would not have been as successful without the availability of a full time Executive Director, who provided on going directions to project leaders and maintained continuity throughout the program.

The most important ingredient for success is *results*. To that end, Task Force executives will continue to meet with City staff members on a quarterly basis, helping to guide the recommendations toward full implementation. In that sense the success story of the San Jose Management Study Task Force is not yet finished.

Chairman

Charles J. Dirksen

Vice Chairmen

Peter B. Giles

Ronald R. James

Executive Committee

Roy H. Beaton

Albert Bowers

Halsey Burke

Pamela Buttery

Howard W. Campen

Philip S. Devirion, Jr.

Robert J. Finocchio

Robert A. Fuhrman

Joe M. Henson

Harry Kallshian

James P. Miscoll

McKenzie Moss II

David Packard

Stanley I. Siegal

Robert C. Wilson

Jay W. Weinhardt

Ex Officio

Mayor, City of San Jose

Janet Gray Hayes

City Manager, City of San Jose

Francis T. Fox

Executive Director

Don K. Winterhalter

Executive Secretary Staff

Kay Hufstedler

Edna Osborn

City Council

Vice Mayor

Iola Williams

Councilmembers

Blanca Alverado

Jim Beall

Jerry Estruth

Claude Fletcher

Al Garza*

Nancy Ianni

Shirley Lewis

Tom McEnery

Larry Pegram*

Lee Ryden

Pat Sausedo

Jim Self*

*Former Councilmembers

Task Force Members

Art Brown	Dave Jones	Dick Ragain
William Burtis	Elmo Killgore	Don Ridge
Richard Carey	Glenn MacGrady	Tom Rouse
Nancy Carroll	Vince McInerney	Bea Smith
Jane Clegg	Donald Murray	Charles Smith
Vicky Deggs	Jim O'Brien	Jan Strader
Burt Epstein	Bonnie Polmanteer	Dick Taylor
Jim Herbst	Mary Etta Port	Loren Wiseman
Jim Holcomb	Dana Prescott	Charles Wynn

Overall Review and Comment Committee

C. Donald Allen, Jr.	Dixon R. Howell
Enide Allison	Walter L. Jensen
Dean R. Bartee	L. Wayne Kingsbury
Sigmund E. Beritzhoff	Keith R. Kittle
Philip R. Boyce	Frank Knofler
Gary F. Burke	David W. Mitchell
Robert Duffey	Michael Nye
Douglas Fitzgerald	Jill O'Brien
Gail Fullerton	Hank Rosedin
Stanley G. Gould	Henry Yamate

Contributing Organizations

Alexander & Alexander	Memorex Company
Allison BMW	O'Brien Travel Service, Inc.
American Telephone & Telegraph	Olympic Trophy
Bank of America	Pacific Gas & Electric
Bank of the West	Pacific Telephone & Telegraph
Beckman Instruments	Pacific Valley Bank
Burke Industries	Plumbers & Steamfitters Union #393
Carter, Callahan & Associates, Inc.	Price Waterhouse & Company
Central Labor Council of Santa Clara County AFL-CIO	Quantic Graphic Center
Creegan & D'Angelo	San Jose Chamber of Commerce
Ernst & Whinney	San Jose Hyatt House
Fairchild Camera & Instruments Corp.	San Jose Mercury News
FMC Corporation	San Jose Mexican American Chamber of Commerce
General Electric Company	San Jose State University
Global Associates, Inc.	San Jose Water Works
Hewlett-Packard	Santa Clara County Manufacturing Group
Hopkins & Carley	Syntex Corporation
Howell & Hallgrimson	Universal Printing Company
IBM Corporation	University of Santa Clara
JB Trophy	Wells Fargo Bank
KBM Office Furniture	Western Electric Company
Lockheed Missiles & Space Corp.	Winchester Mystery House
Logo Company	Wolff-Sesnon-Buttery
	Yamate & Sekigahama

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DIGEST OF RECOMENDATIONS

Digest of Recommendations

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
I PERSONNEL			
A) Management Development & Training			
1. Implement a supervisory and management training program—using industry materials and co-led by City line managers, aided by industry/college instructors.	N/D	N/D	X
2. Implement a formal management rotation/internship/shadowing program, allowing cross training at all levels.	N/D	N/D	X
3. Implement a consolidation and distribution to all managers of a “supervisors’ notebook”, including existing personnel policies, relevant Civil Service rules, union agreements, City benefits overview, a listing of training courses and Equal Employment Opportunity (EEO) guidelines.	\$4,730		X
4. Implement a three-day Council members orientation in November, 1980 to include approximately one an one-half days of department head briefings and one and one-half days of skills training, oreintation, and team building.	N/D	N/D	X
B) Employee Suggestion System			
1. Increase personnel manpower by one individual to be held responsible for managing the suggestion program.	\$21,700	\$150,000	X
2. Develop an overall improvement program to include the following items:			
a A new suggestion system manual.	\$1,000		
b Upgraded systems material.	\$4,000		
c New suggestion boxes.	\$1,200		
d Develop new training modules.	\$2,000		
e Publicity to award winners.	N/D		
f Recognition to evaluators as well as suggesters.	\$ 500		
g Establish measurement targets.	N/D		
h Improved file processing procedures and commission efficiency.	N/D		
i Improved award structure.			X

*N/D denotes Not Determined.

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
C) Personnel Data System			
1. Maintain existing computer system and configuration.	Cost/Savings Data Not Determined for Project		X
2. Develop interface for creating single data base.			X
3. Develop single master file—special computer program—compare master files and reconcile.			X
4. Institute a personnel profile update program.			X
5. Implement existing on-line data capability inquiry capability.			X
6. Provide training of Personnel Department management—capabilities and retrieval of available personnel information.			X
7. Develop needs assessment of user requirements—coordinate by Personnel.			X
8. Study need for automated tracking of attendance and a report generation system.			X
D) Personnel Compensation Review			
1. Implement on-going Industry Advisory Committee.	N/D		X
E) Employment Process			
1. Establish a minimum “trigger” point for each class which will meet typical hiring needs for three months.	N/D	Potential time	X
2. Establish a realistic recruitment expense budget based on expected City examining schedule.	\$59,000		
3. Eliminate protests on open exams.	N/D	Potential time	X
4. Establish a process of appeal to a three-person Board for promotional exams that are protested, where the candidate does not accept the Personnel Director’s decision.	N/D	Potential time	X
5. Classify City positions into two groups for medical exam determination.	N/D	Potential time	X
6. Revise hiring procedures for part-time and seasonal employees to meet volume needs and reduce administrative costs.	N/D	Potential \$	X

*N/D denotes Not Determined.

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
7. Allow Personnel Director the decision to determine which classifications of part-time and seasonal employees are to be examined.	N/D	Potential time	X
8. Improve employment lobby procedure.	\$800	Potential time	X
9. Change filing procedure to file records which are ultimately to be purged separate from other material.	N/D	Potential time	X

II CIVIL SERVICE RULES

- A) Director of Personnel take appropriate action to change following rules by eliminating: X
1. Avenue of appeal to Commission. Resolve such cases within Personnel Dept. and/or the appointing authority as appropriate.
 2. Twelve-day posting requirement of rescheduled exam. Include in procedural manual of Personnel Dept. that written or verbal notice of change be given or mailed out to all applicants at least seven days prior to new exam date.
 3. Exception for Police and Fire Depts., permitting determination of pass points in accordance with federally recognized testing criteria as is the case with other City departments.
 4. Review of standardized exams by applicants. Under paragraph "D" of Civil Service Rule 690 add "*or any standardized examination.*"
 5. Seniority credit as a criteria in promotional calculations. Delete 3.04.710 from Civil Service Rules. Ensure that knowledge of job is a significant factor in exams.
 6. Need to review by Commission of extending open competitive promotion eligible lists. Authorize Director of Personnel to extend lists at his discretion in six-month increments to maximum presently authorized by Commission.
 7. Ten-day notice requirement of selective certifications to employee organizations and reporting requirement to City Council on selective certifications.

*N/D denotes Not Determined.

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
8. Post-employment medical exam requirement except to authorize permissive medicals for emergency services. Adopt "Employment Process" report recommendations regarding <i>pre-employment</i> medical exams.			
9. Performance evaluation appeal to Civil Service Commission. Change Rule 1700D to provide for performance evaluation appeals through management levels to City Manager or his delegate.			

III VEHICLE MANAGEMENT

A) Organizational Structure

1. Consolidate the light, heavy and preventive maintenance operations in the South and West yards.		\$ 5,000	X
2. Expand the job responsibilities of the service workers at the Main yard.	N/D	\$ 5,100	X
3. Restructure reporting relationships of the preventive maintenance supervisor.		\$19,700	X
4. Implement an apprentice program for the vehicle maintenance group.	N/D		X
5. Combine the parts rooms in the Main yard.	N/D		X
6. Establish evening shifts for vehicle maintenance.	N/D		X
7. Establish a register of qualified candidates to be on file in the Personnel Department to improve the recruitment process, insuring that qualified personnel are readily available when a vacancy occurs.	N/D	Potential \$	X
8. Establish a pay incentive program for equipment mechanics.	N/D		X
9. Establish procedure of bill processing and encumbering in the Vehicle Maintenance Division.	N/D		X
10. Increase stock levels in Main yard and outlying yards to a point that would support day and/or night shift operations.	N/D		X
11. Develop a computerized method of triggering vehicle inspection.	N/D		X
12. Set up mobile fuel tanker to fuel all vehicles and equipment in the Main and close surrounding yards at night.	N/D		X

*N/D denotes Not Determined.

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
13. Implement improved data processing system for record keeping of maintenance history, vehicle specifications, and specific services performed.	N/D		X
B) Information Systems and Reporting			
1. Implement an information system that provides data for direct fleet application of vehicle maintenance and utilization.	N/D		X
C) Automotive Parts Inventory Control			
1. Develop process to purchase parts through warehouse distributor.		\$27,000	X
2. Develop a system that will provide automatic triggering for ordering of repair parts required on new vehicles.	N/D	Potential time	X
3. Establish procedure of spot-checking vehicles worked on to make sure that withdrawn parts were, in fact, installed.	N/D	Potential \$	
4. Implement a computerized parts control system.	N/D		X
5. Develop monthly report that consolidates parts purchases and costs related to outside vendors doing farm-out work.		\$1,400	X
D) Vehicle Replacement			
1. Implement program for extensive evaluation of each piece of equipment to include additional factors beyond time and mileage criteria.	N/D		X
2. Establish replacement fund to enable Vehicle Maintenance Division to recover costs associated with replacements on a programmed basis.	N/D		X
3. Implement life cycle costing for all replacement transactions in the responsibility of the Vehicle Maintenance Division.	\$24,700		X
E) Vehicle Utilization			
1. Change criteria for retaining a permanently assigned vehicle from 500 miles per month to 750 miles per month.	N/D	Potential \$	
2. Implement a plan to reduce the passenger fleet by 20% during the next budget fiscal period. Designate manager of control and establish lines of accountability to monitor vehicle utilization. Review general/special purpose vehicles and take necessary action to maximize utilization.		\$150,800 \$500,000*	X

*Deleted from 80/81 budget for replacement by City Manager

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
IV CONTRACT SERVICES			
A) Duplicating Services			
1. Change method of financing copiers from monthly rental basis to lease/purchase plan.	N/D	\$ 1,848	
2. Adopt a policy for all departments whereby multicopy work and two-sided copy work be sent direct to the Quick Copy Center.		\$60,000	X
3. Relocate high speed duplicator from City Manager's office to Quick Copy Center.	\$200	\$ 5,124	X
4. Relocate Copy Center in City Hall.	\$3,000		X
5. Improve offset press with new high speed equipment.	N/D		X
6. Equip Copy Center with free-standing jogger/stapler and a paper drill.	\$1,000		X
7. Add one full-time additional copy operator to the Copy Center.	N/D		X
8. Increase frequency of courier service in the Print Shop from one to two trips per day.	N/D		X
9. Assign a full-time, experienced reproduction supervisor in the Print Shop.	\$26,000		
B) Architectural & Engineering Design			
1. Implement computer program to schedule milestone dates for construction projects.	\$25,000		X
2. Use standard versus actual job times on design projects for in-house designers to measure performance.			X
3. Maintain approximately 70-75% of capital improvement program for outside design contract services as an optimum level.	N/D		X
4. Allow overtime pay for in-house personnel when necessary to meet critical design job deadlines.	\$20,000		X
C) Real Estate Acquisition			
1. Report monthly written summary to City Manager of City property acquisition status.	N/D		X

*N/D denotes Not Determined.

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
2. Conduct monthly briefings on status of property acquisition with City department heads and Deputy City Managers.			X
3. Establish a computer based inventory system for all City-owned property.			X
4. Establish and publish official written procedure for property acquisition.	Overall summary: based on 20% inflationary cost due to delays in process - improved system = \$2,000,000 savings.		X
5. Establish bid process for title service on real estate acquisition projects.			X
6. Develop and maintain historical workload index for real estate agents.			X
7. Develop check list for all steps necessary to prepare real estate acquisition packages containing condemnation requirement.			X
8. Contract out real estate acquisition whenever necessary to maintain integrity of approved property acquisition schedule and to balance workload in Property Department.			X
9. Measure past performance of San Jose relative to percentage of property acquisitions that have to be handled through eminent domain as compared to other communities.			X
D) General Maintenance			
1. Landscape Maintenance			
a Implement one-year controlled contract for 25% of total acreage.			X
b Implement specified price type contract to effect a 15% savings (landscape work only).	Overall summary: fully implemented would result in approximately \$350,000 savings.		
c Implement a separate contract to effect a 15% savings (general maintenance only).			
2. Airport Custodial Maintenance			
a No change	N/D		
3. Fire Department Custodial Maintenance			
a No change for Fire Department custodial services.	N/D		
4. Water Pollution & Control Plant			
a No change.	N/D		
5. Convention & Cultural Center Custodial Maintenance			
a Substitute part-time City employees for outside custodial contract personnel.		\$11,000	X

*N/D denotes Not Determined.

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
6. <i>Building Custodial Maintenance</i>			
a For City Hall complex and miscellaneous City buildings, continue trial of outside custodial contract services through FY 1981-82.	N/D		X
b Maintain accurate and detailed cost data on in-house personnel costs versus contract personnel.	N/D		
c Consider selecting new contractor by setting a contractor rate per sq. ft. at a cost that is 15-20% less than City costs; invite bids on this basis.		\$150,000	

V PERMIT PROCESSING SYSTEM

		Potential time	
A) Subcontract the overload to reduce the backlog to the prior four week "norm."			
B) Develop a formal system of subcontracting overloads to local area firms.	N/D		
C) Establish regular user-association/Community Development exchange meetings.			X
D) Develop long-range forecasting system which includes but is not limited to formal user-association inputs.	N/D		X
E) Implement formal internal feedback system to develop standards based on use, size, cost, etc., to utilize user-association inputs.			X
F) Establish functional group performance criteria in the Private Development and Planning Departments to measure productivity/workloads.			X
G) Simultaneously docket cases that require or may require hearings before the Planning Commission and City Council.			X
H) Eliminate involvement of Planning Commission in Environmental Impact Report approval process except to hear appeals from decision of Planning Director.			X
I) Handle <i>all</i> rezoning and zoning requests in a uniform manner—i.e., Planning Director would make recommendation directly to City Council in lieu of submitting certain types of zonings to the Planning Commission for review and hearings prior to Council action.			X

*N/D denotes Not Determined.

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
J) Consolidate present multiple procedures for processing Conditional Use Permits and Use Exception Permits into one procedure, with involvement of Planning Commission and City Council limited to an appeal process.			X
K) Develop plan to reduce Planning Commission and City Council involvement in <i>all</i> permit processes unless required by state law or as appeal bodies from decision of City staffs.			X
L) Staff should seriously study feasibility of processing changes to General Plan twice a year.			X
M) Make more extensive use of automatic data processing in Community Development. No integrated system exists or is planned to streamline work or increase productivity either within Community Development or between Community Development and other City functions.	N/D		
N) Continue development and/or implementation as well as file updates associated with tracking reports for permit processing.			X
O) Continue to add word processing applications to Wang computer and train operators in its use involving such items as notices, agendas, ordinances, General Plan, etc.	N/D		X
P) Undertake in-depth systems study and analysis to determine computer applications which would be beneficial to Planning and Private Development Departments and the relationship to the data and system needs of other City organizations. Study to be conducted within framework of developing an integrated data base system which would run on City's mainframe computer.	N/D		X
Q) Formal guidelines ("what-to-do" brochures) should be prepared and made available for the more frequent types of permits.	N/D		X
R) Establish local college/City training programs for critical resources.			X
S) Amend City Charter to allow simultaneous passage and adoption of ordinances relating to land development permit processes.			X

*N/D denotes Not Determined.

Benefits

Project - Items	Cost*	Savings*	Effectiveness
VI INTERGOVERNMENTAL ACTIVITY			
A) Reporting level for IGA field staff (Sacramento and Washington, D.C.) should be directly to City Manager.			X
B) Title for head of IGA staff should be changed from "Supervisor" to one more appropriate with responsibility of office—either Manager or Director.	N/D		X
C) Newly created position for Grants Coordinator should be expanded to cover endowment coordination from private sector (individual and/or corporate).			X
D) A concise and periodic (monthly) executive summary report should be submitted by IGA office to City Manager on <i>key legislative</i> issues.			X
E) Concise and periodic (monthly) executive summary report should be submitted by IGA office to City Manager on grant/endowment activities reflecting dollar levels, win/loss ratios, and any other pertinent related facts.			X
F) IGA staff head should establish and maintain close liaison with County IGA staff, other cities in Santa Clara County, and private business sector.			X
G) All basic grant writing personnel throughout City should remain in the various departments. Monitoring and coordination function should remain centralized in IGA.			X
H) No change recommended in operation of Sacramento function of IGA other than to maintain close communications via telephone with City Manager, and attendance by Sacramento legislative advocate once a month at IGA staff meeting in advisory capacity.		N/D	
I) A non-exclusive contract legislative advocate with a proven record of success in Washington should be retained. This person to be given clear objectives and priorities by City Manager.	N/D		X

*N/D denotes Not Determined.

Project - Items	Cost*	Benefits	
		Savings*	Effectiveness
J) IGA Field Representatives receive policy direction from the Mayor and the appropriate Council Committee in developing legislative strategy. These representatives should report directly to the City Manager for administrative direction to add stature and reduce levels of communication. (Day-to-day coordination of the representatives activities should be facilitated by the Director of Intergovernmental Affairs).			
Potential Cost/Savings Totals	\$194,830	\$3,436,972	

*N/D denotes Not Determined.



PERSONNEL

Management Development & Training

Background

Bob Farnquist, Director of Personnel for the City of San Jose, requested that the Personnel Project of the San Jose Management Study Task Force investigate and propose a management training program for City of San Jose management personnel.

Analysis

Supervisory Training

Presently, the only on-going management training offered in the City includes a bi-annual 30 hour "Principles of Supervision" class taught primarily by the Personnel Department. Approximately 15 supervisors attend each program and, although it "whets the appetite" and informs supervisors "what they need to learn and who is who in Personnel," Personnel recognizes that it is "too little, too late" and *not* an in-depth skills-building workshop. Because of the limited offerings of the class, new managers may have to wait several years after being given supervisory tasks to attend. As a result, 1st level supervisors tend to 1) identify more with employees than *management* due to a lack of understanding of their role expectations, and 2) handle employee problems and work load less efficiently or professionally than they might, due to lack of management knowledge, skills, and eroding self confidence.

Management Training

In 1978, a Management Development Program was conducted by Bob Farnquist for Division Chiefs/Department Heads, and although it was well received by the two classes conducted, it was discontinued due to budget cuts. The only other ongoing program used is Santa Clara University's Management "Certification" Program where city managers attend 3-4 courses on-campus with other government supervisors. This program is universally well received by the City of San Jose management.

Miscellaneous Offerings

The remaining training has either been ad hoc guest presentations by Personnel to department groups ((e.g., Affirmative Action (A.A.) or evaluations)), a few department-generated courses (e.g., Parks & Recreation's Writing Skills Program), or outside consultants' presentations to City Council or Department Heads ((i.e., Kepner Tregoe's Problem Solving/Decision Making and Management by Objectives (M.B.O.) respectively)).

The lack of an ongoing formalized City Management Development Program has resulted in inequalities in supervisory/management training in the departments. The amount of training is largely a function of the individual department head's personal commitment. As a result, many managers perceive that the City "does not care about career development" because it does not seriously invest financially in its people resources nor provide sufficient upward mobility.

City Council training suffered because of poor attendance due to Council Members' time/constituency demands and hampered learning climate resulting from the presence of the press. Consultant's training has been described as "too theoretical, academic and conceptual" rather than skills-oriented, applied, practical, and transferable in the City's environment.

Method

A patterned questionnaire consisting of 10 open-ended questions was used to conduct personal, confidential interviews of approximately one hour in duration with 94% of the City Council Members, 100% of the Department Heads, and 12 Division Chiefs/Personnel Department members. In addition, our work was reviewed in meetings with the Employee Representatives/Business Agents, the Middle Management Committee, and repeatedly with the Personnel Manager and Training Staff.

Recommendations

In Fiscal Year 1980-81, the City should implement the following four proposals:

1. Both a supervisory and management training program, using industry materials and co-led by City Line Managers, aided by industry/college instructors.*
2. A formal management rotation/internship/shadowing program allowing cross-training at all levels.
3. Consolidation and distribution to all managers of a "Supervisor's Notebook," including existing personnel policies, relevant Civil Service Rules, union agreements, City benefits overview, a listing of training courses and Equal Employment Opportunity (E.E.O.) guidelines.
4. A three day Council Member's orientation in November, 1980 to include approximately 1-1/2 days of department head briefings and 1-1/2 days of skills training, orientation, and team building.

Recommendation 1

Both a supervisory and management training program should be implemented in Fiscal Year 1980-81 using industry or local university materials and instructors, co-leading with city line managers.

Rationale

Reduced management turnover (roughly 3% fifteen months ago, but now well over 10% a year), support of the City's A.A. program, the need for greater productivity so as to provide similar or increased services with reduced resources, the potential to increase the ratio of promotions from within, and higher quality relationships between management and employees are all *direct benefits* of an ongoing supervisory and management training program.

Proposal

Content

Based on our needs analysis (see charts page 5) the following twelve one-day modules should be offered to *both* supervisors and managers

(division chiefs/departments heads) conducted over a three month period — one workshop per week:

1. *Role of Manager Seminar* (Includes city manager presentation and lunch, plus review of Personnel, E.E.O. and Purchasing matters as well.)
2. *Communication, Motivation and Team Building Workshop* (Includes Affirmative Action.)
3. *Negotiation, Conflict and Stress Management Workshop*
4. *Leading Meetings and Problem-Solving/Decision-Making Workshop*
5. *M.B.O. Workshop*
6. *Leadership and Interpersonal Styles Workshop*
7. *Budgeting and Finance Seminar*
8. *Coaching and Career Development Thru Evaluations Workshop*
9. *Time Management/Delegation and Scheduling Workshop*
10. *Discipline and Management/Employee Rights Workshop*
11. *Writing Skills Workshop*
12. *Presentations and Press Relations Workshop.*

Methodology

Methodology for instruction is key: real "live" City management problems should be used as case studies and practice role-plays and presentations with instructor and class feedback (perhaps through video-taping) must be used to enhance transferability of learning. Lectures must be kept to a bare *minimum*.

Logistics

Provided to the Director of Personnel was a listing of city managers who have either *personally* volunteered to co-lead a workshop once a quarter, or were volunteered by their managers as individuals who were 1) good role models and practitioners of that management skill, and 2) effective instructors. Personnel can use this resource list as a "start" to identify one or two city instructors for each management and supervisory workshop (4 total). A commitment of one day of instruction per

*The two programs should be basically the same in content with the latter adapted in sophistication of instructors, content, examples, cases, and length. To avoid undue scheduling and work load pressures, the twelve one-day workshops could be conducted once a week over a three-month period.

quarter would be requested of the volunteering managers, as well as attendance at an instructor briefing with their industry co-leaders. Recognition for city instructors in the form of a memento or end-of-year luncheon with the City Manager would be appropriate.

Following are two matrices indicating total number of possible city instructors for the supervisory and management training classes and three columns for co-leaders (industry/education/consultants) which will be completed by the industry liaison:

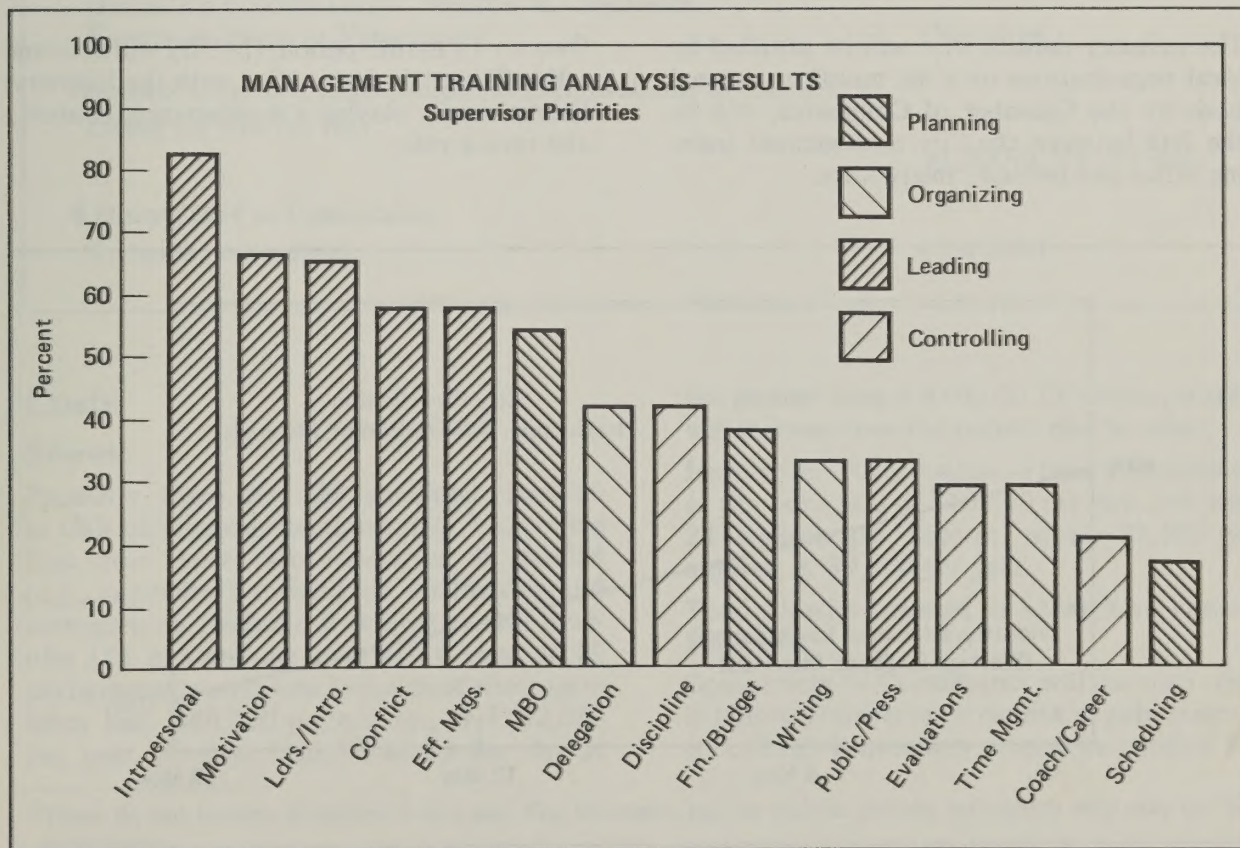
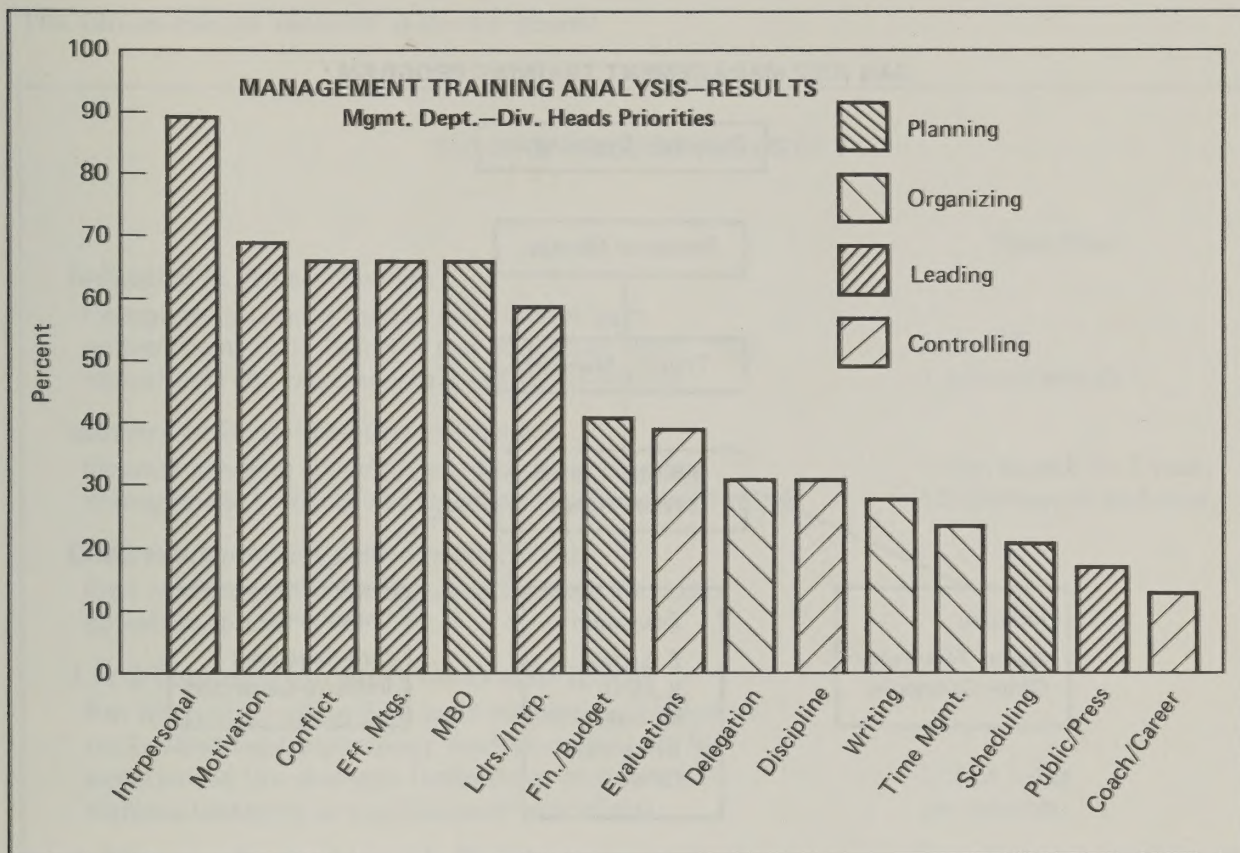
**INSTRUCTOR NEEDS
SAN JOSE MANAGEMENT TRAINING PROGRAM
Department Managers & Division Chiefs**

Priorities:	Identified City Trainers	Co-Leaders/Materials Industry Instructors	Education- Instructors	Consultants
Interpersonal Skills	(7)			
Motivation	(7)			
Conflict/Stress Management	(3)			
Effective Meetings	(3)			
MBO	(6)			
Leadership/Interpersonal Styles	(4)			
Finance/Budget	(2)			
Evaluations	(1)			
Delegation	(1)			
Discipline	(1)			
Writing Skills	(1)			
Time Management	(0)			
Scheduling	(0)			
Public/Press Relations	(4)			
Career Development and Coaching	(0)			

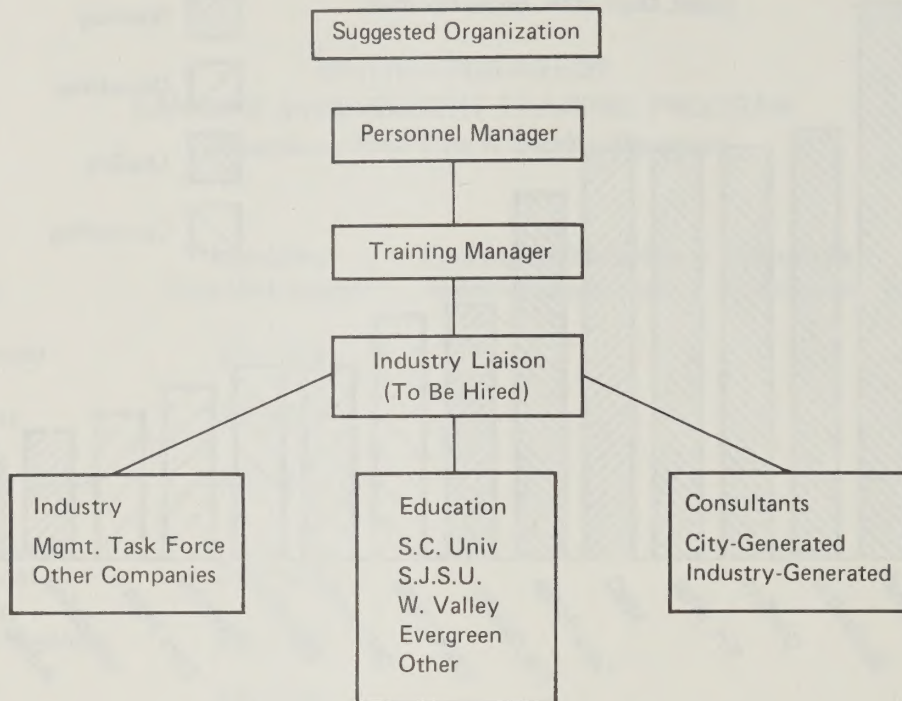
INSTRUCTOR NEEDS
SAN JOSE MANAGEMENT TRAINING PROGRAM
Supervisors First Line & Section Managers

Priorities:	Identified City Co-Leaders*	Co-Leaders/Materials Industry Instructors	Education- Instructors	Consultants
Interpersonal	(6) + (7)			
Motivation	(2) + (7)			
Leadership Styles	(3) + (4)			
Conflict/Stress Management	(0) + (3)			
Effective Meetings	(2) + (3)			
MBO	(3) + (6)			
Delegation	(0) + (1)			
Discipline	(1) + (1)			
Finance Budget	(1) + (2)			
Writing	(5) + (1)			
Public/Press Communications	(3) + (4)			
Evaluations	(2) + (1)			
Time Management	(1) + (0)			
Coaching/ Career Counseling	(0) + (0)			
Scheduling	(2) + (0)			

*Although several co-leaders have been identified, these individuals still need instructor training.

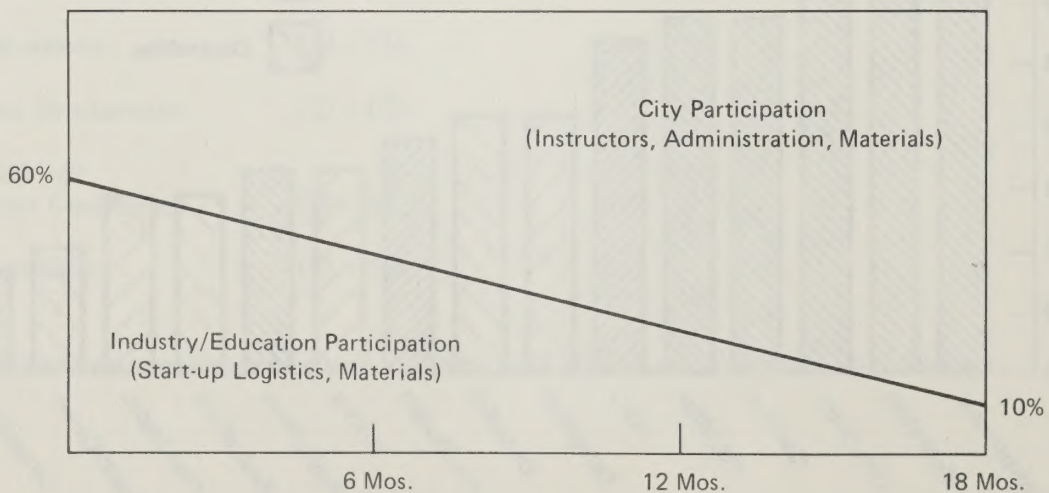


SAN JOSE MANAGEMENT TRAINING PROGRAM



The industry liaison, who will be supplied by local organizations on a six month rotational basis by the Chamber of Commerce, will be the link between the City management training office and industry instructors.

Over an 18 month period, the City will become self-sufficient in instruction with the industry liaison simply playing a maintenance, contact, and review role:



The future role of industry is shown below:

FUTURE ROLE OF INDUSTRY	
	Time/Cost
Individual or Project Member	
Complete instructor matrix and contact/gain commitment from industry and education reps/ consultants for class materials and/or co-leaders	June '80 1 person/month
Industry or Operations Counsel Liaison	
Oversee program startup (including instructor and management briefings and on-going program monitoring)	1 day/month for 1 year; 1/2 day/month 2nd year
Company/University Coordinator (Each)	
One contact person for San Jose Training Manager or liaison to call	—
1 or 2 Company/University Co-Leaders (Each)	
For instructing either high level management seminars on 1st/2nd level supervisory workshops (should be experienced line manager facilitators, professors, training managers or sophisticated specialists)	1/2 or 1 day per quarter
1-2 Training Course Materials (Each)	
(Including Leaders Guide, Handbook, Overheads, Handouts, Films or Videotapes)	(Variable)
Names of Effective, Experienced Local Consultants to Instruct	
Either for free (or fee)	— \$1,000-1,500 per day
\$ Donations For Consultants	
To teach, as required	(Variable)

Costs

Salaries

Presently there are 286 positions classified as Unit 99's (management/exempt).^{*} Assuming that two classes are conducted in parallel (e.g., supervisors training on Wednesday and managers on Fridays), including twelve modules (24 sessions per quarter), a class of 20 participants would cost in terms of short term labor loss, \$48,000 per quarter, or \$192,000 per year. Average Unit 99 salary per day at

the present time is \$100.00. Of course, salaries will increase over the period, due to raises.

Instructors — City instructor time is established at the same rate of \$100.00 per day, and with 24 sessions per quarter, equals \$2,400 per quarter, or \$9,600 per year.

Total Salaries Invested in a One-Year Period: \$201,600.

Consultants — Consultants will be used only if industry/universities cannot supply instructors. If this is necessary, it may be possible for

^{*}These do not include unionized Police and Fire Managers, but do include exempt individuals who may not be supervising.

the Management Task Force members to purchase these consultants in place of volunteering instructors at a cost of approximately \$1,000.00 per day. Some consultants are willing to donate time as well.

If the present work force level remains static, (assuming no attrition) and training begins in August (per Bob Farnquist), the 102 department managers/division chiefs would be trained in a 15 month period — October of 1981. The remaining 184 supervisors (again assuming 20 participants per class, and along with the above assumptions), would be trained in 27 months (October 1982).

Materials

The only material costs include luncheons, certificates and notebooks (with 12 tabs) for both the management/supervisor's training program and the proposed Supervisor's Handbook. Industry will provide training materials for the workshops, (e.g., Hewlett Packard's Communication/Motivation module, IBM's MBO and Performance Evaluation module, etc.).

Recommendation 2

A formal management rotation/internship/shadowing program be instituted allowing cross-training at all levels.

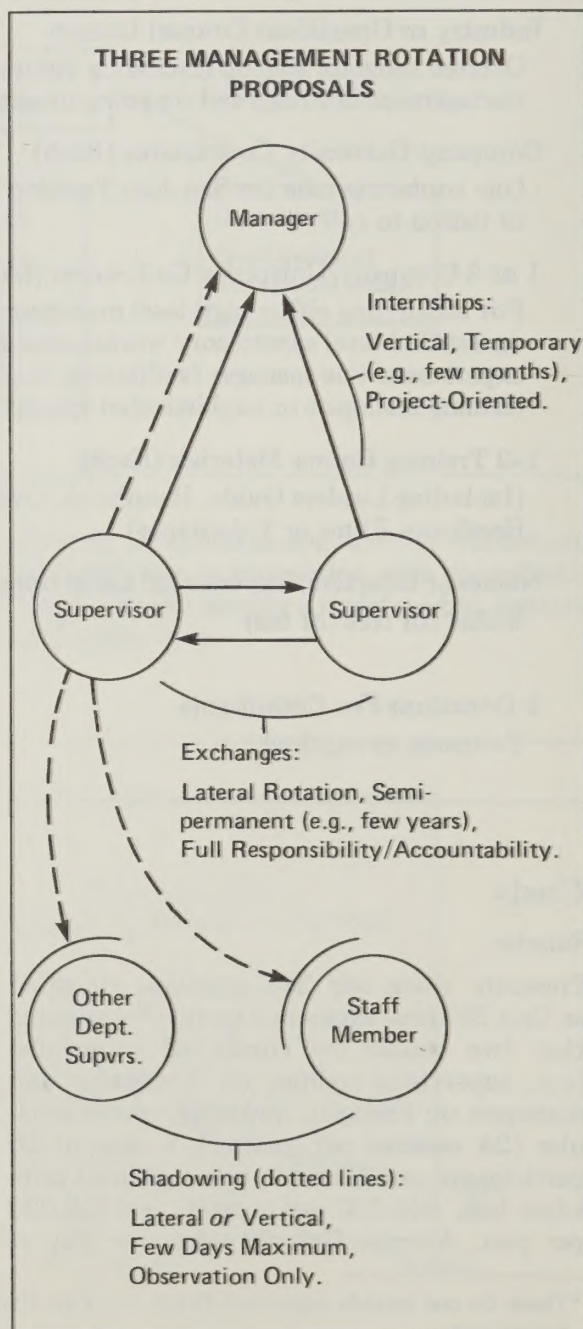
Rationale

Most city managers stated that "communication (horizontally and vertically) could be vastly improved within the City," and "other department heads did not fully understand nor appreciate their own department's problems and issues." They also felt they were often "at odds" organizationally with each other, and at times had "conflicting goals/turf" with their counterparts in other department/divisions. Nevertheless, they need to "interface frequently" with these other managers to be truly effective. Finally, many managers expressed that their individual supervisors "need to know more about each other's functions. They would like their supervisors to see the 'big picture' — without narrow functional blinders, and make decisions as if they were at the next higher level of management."

All these comments indicate a need for 1) team building, 2) increased communication for understanding, and 3) development of "general" managers.

In addition to quarterly department reviews where peer-level managers present their goals, problems, and current issues to one another, an excellent vehicle to meet these needs is formal management rotations.

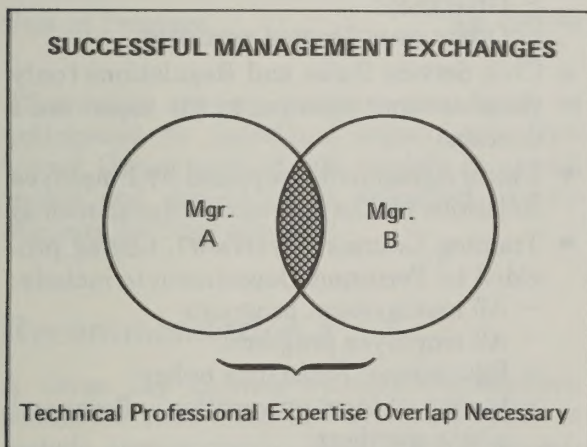
Proposal



Management Exchanges (Lateral)

The City Manager should formally request that each department head (including himself) rotate a minimum of *one* of their supervisors each fiscal year, either *within* their team or outside their department for roughly 1-2 year assignments. 96% of all managers interviewed supported the concept of management exchanges with the following (reasonable) qualifications:

- The exchanges of "talent" be *mutually agreeable* and desirable for both giving and receiving managers and exchanged supervisors. If any one of the four affected parties "lose" (as in a draft pick), the rotation will fail.
- There exists a reasonable *overlap* of existing skills/education/experience so that each manager rotated "knows the territory" of their new assignment somewhat before rotating (e.g., a manager in the Planning Department probably wouldn't rotate with a manager from the Police Department, but might with a manager in Private Development):



- A *transition period* of "job sharing/briefings" be conducted over a several week period building up to 100% accountability gradually to avoid culture shock (e.g., several hours a day, ramping up to ½ day sessions).
- *Very few exchanges* in one department occur simultaneously, as it is traumatic for the affected employees and management alike. Although most of the city managers felt their general management skills (planning, organizing, leading, controlling) were transferable to any super-

visory role, they recognized the need to learn the *criteria* in which other managers evaluate and review technical proposals. This process takes the time of all parties involved and therefore too many rotations (i.e., "musical chairs") overtaxes the system and results in failure (as some cities have found).

- *Top management fully supports* their exchanges and short-term productivity losses. Although many city managers were personally reluctant to *initiate* management exchanges because of stretched budgets and short-term loss of productivity, they universally felt that "it was an excellent idea" for themselves or others for the long-term development of the city ...they only needed their own manager's support and understanding.

Internships

The City Manager should formally encourage and support the use of management interns at all levels (with approval being granted two levels above the affected intern). Several managers mentioned the desirability of internships where a lower level supervisor spends a few months working on projects and/or research as an "aide" to a higher level manager. The lower level supervisor typically moves physically near the manager and may even attend most, if not all, of his or her formal meetings and presentations. The manager's "intern" can be rotated to allow all of his or her direct-report managers to participate. In addition to providing greater visibility to the intern (who may be several organizational levels down from the manager), city interns can gain a tremendous appreciation of the complexities and issues of other departments—making higher quality decisions upon return to their job. In addition, interns can act as "good will" agents to peer supervisors upon return and improve the vertical communications and credibility gap that sometimes exists. Upon completion of an internship, Personnel can provide a Certificate of Completion to the supervisor for recognition, as well as a copy for their personnel jacket, signed by the City Manager.

Shadowing

When supervisors are appointed, their manager should be required to write a formal memo

to the new supervisor (copying their own manager) proposing a formal structured orientation and on-the-job training. This several weeks' orientation should include "shadowing" of key managers or staff individuals with whom the new supervisor will be required to interface in the new job. Shadowing simply involves following and observing an individual during their day-to-day activities, allowing time for informal questions and answers. It allows the new manager time to check for others' expectations of him or her in the new role, as well as establish more personal relationships and understanding of their counterpart's needs, goals, and problems. New managers feel more comfortable in their mission and role as a result and are better able to "lead" their group as a newcomer.

All three methods above could be used judiciously outside the City as well (e.g., with another similar city's managers), so as to gain creative ideas and successful implementation techniques to bring back to San Jose. Increased vitality, creativity, professionalism, and avoidance of stagnation are all direct managerial benefits. With the exception of limited "shadowing," City Manager approval should be required for intercity exchanges/interns.

Recommendation 3

Consolidation and distribution to all managers of a "Supervisor's Notebook," including existing personnel policies, relevant Civil Service Rules, union agreements, City benefits overview, a listing of training courses and EEO guidelines.

Rationale

City Council, City Management, Civil Service Commission, and Union Representatives expressed a need (if not an urgency) to provide each supervisor, from 1st level to Department Head, a notebook that would provide the information needed to be successful in that role. Although the information is available, it is not centralized in one binder for every supervisor's desk as a readily available resource guide. The absence of such a guide creates confusion as to supervisory responsibilities, accountabilities, and image of themselves as

managers. The implementation of this recommendation would not be expensive nor necessarily time consuming to the City, as the information is presently available within the City.

Proposal

It is suggested that the Personnel Department assign an individual to gather, consolidate and sometimes edit the various sections listed below. Each tabbed section should be concise, readable and given immediately (after approval from Personnel and the City Manager) to all acting supervisors.

Notebook Content

- Current Personnel Procedures, Policies and Benefits, to include, but not limited to the following:
 - Absenteeism
 - Vacations
 - Days off
 - Worker's Compensation
 - Insurance (Health-Life-Disability)
 - Code of Ethics (Rights and responsibilities of Employees)
 - Open-door policy
 - Grievances
 - Other areas deemed pertinent
- Civil Service Rules and Regulations (only those sections relevant to the supervisor's domain)
- Union Agreements (supplied by Employee Relations for the appropriate departments)
- Training Courses (Overview). Listing provided by Personnel Department to include:
 - All management programs
 - All employee programs
 - Educational Assistance policy
 - Listing of local universities/colleges and phone numbers
- Equal Employment Opportunities (including appropriate interview questions)
- Current Job Descriptions. Each Department Manager/Division Chief should provide each supervisor job descriptions for each employee classification under the supervisor's immediate responsibilities.
- "Who To Go To For What" Section. Index by subject matter listing individuals, departments and phone numbers to contact for typical supervisory questions (e.g., Personnel, Purchasing, Payroll, Accounting, etc.).

Each new supervisor should immediately receive from Personnel the "Supervisors' Handbook," a congratulatory letter from the City Manager, and a listing of the twelve training modules/workshops that they will be scheduled into.

Cost Analysis — Supervisor's Handbook

Estimated cost for 350 Handbooks

Tabs - purchased outside
7 sections - 350 sets
110 lb. manila index paper \$ 400.00

Printing: Produced by City
100 originals (both sides),
350 sets
20 lb. white bond paper 1,000.00

Handbooks: Purchased Outside
350 x \$3.80
8½ x 11 white
3-ring vinyl binders 1,330.00

Consolidation: Salary
1 - Personnel Analyst III -
\$24,000/yr.
30 day (1 month) program -
Cost 2,000.00

Cost of Program \$4,730.00

After initial start-up, program cost should be anticipated by individual departments. Personnel Department should provide an annual review and update to be presented to City Manager for final approval.

Recommendation 4

A three day Council Member's orientation should be conducted in November, 1980, to include approximately 1-1/2 days of department head briefings and 1-1/2 days of skills training, orientation, and team building.

Rationale

Council Members felt that to be fully effective as the legislative body for the City, they need to understand their role and expectations of the Mayor, each other and City administration; be familiar with responsibilities, goals and problems of each department; work effectively as a problem solving/decision making team; set long term strategy and objectives;

understand the budget process and how to evaluate proposals; listen and provide feedback; communicate effectively to the public and news media; and successfully manage conflict or stressful situations. After taking office, however, numerous pressures, both internal and external, are exerted which make these endeavors extremely difficult to attain. Nevertheless, both Council Members and Department Managers strongly believe that the above-stated areas would be extremely valuable for our elected officials.

Proposal

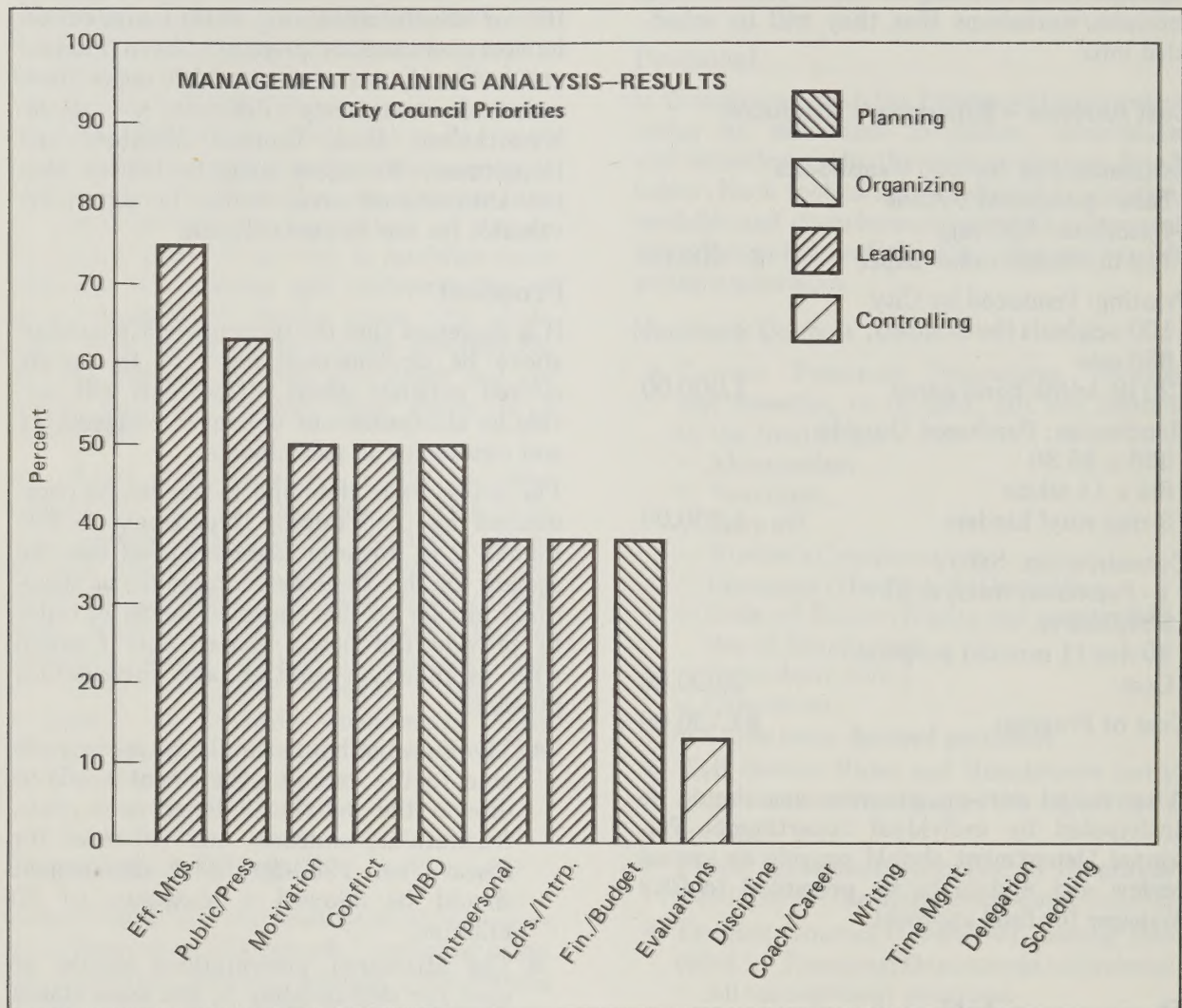
It is suggested that the recommendation stated above be implemented *prior* to the newly elected officials taking office. This will provide an atmosphere of openness, congeniality and candor for all participants.

The actual date, time and locale can be coordinated by the Training Department in Personnel. It is, however, recommended that the agenda for this three-day conference be structured similar to that outlined below in order to provide the newly elected City Council with as much orientation and information possible.

- The morning hours should be made available to the various department heads to discuss the individual department goals, frustrations, concerns and priorities for Fiscal Year 1980-81. Each department should be allowed a maximum of 30 minutes.
- The afternoon presentations should be used for skill-building in the areas stated above. A copy of the needs analysis results is attached to provide the Training Department with the priorities of each area mentioned.
- Breakfasts, dinners or cocktail parties should be included during this conference to allow the new Council an opportunity to meet and discuss casually matters of mutual concern with the various department heads.
- To enhance openness and informality, the news media should be briefed on the success and content of this program but should *not* be included during the actual presentations by either the department managers or during the skill-building workshops.

- An evaluation of this program by all attendees must be conducted to determine

if it should be ongoing, structured differently and/or changed in future years.



Project Leader

Don Ridge — International Business Machines Corp.

Project Members

*Mary Etta Port — Hewlett-Packard
Dick Ragain — Bank of America*

City Coordinator

Bob Farnquist — Director of Personnel

City Staff

*Dave Armstrong — Personnel Department
Janice Cantu-Kerr — Personnel Department
Bill Erenetta — Personnel Department*

Employee Suggestion System

Environment

Program Objective

The present Employee Suggestion System is designed to be an employee recognition program. Adopted in 1965 as a result of employee requests, it is intended to benefit 1) the City in improved efficiency and cost reduction; 2) citizens of the community through improved services and lower costs, and 3) City employees through awards for their adopted suggestions.

Administration

Regarded as a Personnel program, it is administered by a seven (7) member Commission comprised of the following representatives:

- City Council Member
- One (1) from a local business with Suggestion Plan
- City Department Head
- City Director of Finance
- City Systems and Procedures Analyst
- Two (2) members elected by employees.

The Commission's responsibilities as outlined in the City's Municipal Code R-62 entail:

- Prescribing the methods and forms used to administer the system
- Investigation, studying, reviewing and evaluating employee suggestions
- Determining that a suggestion is worthy of implementation
- Authorizing monetary awards for employees for their suggestions
- Making non-cash awards for adopted ideas to employees not eligible for monetary awards.

The Retirement and Benefits Administrator of the City shall be the Secretary to the Commission, and as such is authorized to use the staff and facilities of the Personnel Department to carry out the duties. Among the various duties of this individual are:

- Reviewing formal suggestions from employees

- Routing them to the proper City function for evaluation
- Following and expediting the suggestions to assure a prompt response
- Reviewing and approving the evaluations
- Preparing the suggestion files for presentation to the Suggestion Commission
- Advising the suggesters of the accept/reject decision of the Commission
- Publicizing award winners to other City employees
- Assuring that suggestion forms and brochures are available to employees
- Administering the operating budget necessary to support the suggestion system.

Because of this individual's background and experience, he also serves to counsel and guide the Commission in its activities.

Participants

The system was established to encourage employees of the City to submit original and constructive suggestions for improvement of operations of the City by providing rewards for such suggestions. Each and every City employee is invited to offer such suggestions. Any employee desiring to offer any such suggestion is required to submit his/her idea on an "Employee Suggestion Form" found in boxes available throughout City departments.

Although any employee can participate, cash awards are presented for adopted ideas to employees only for eligible solutions *outside* their job scope, and non-cash awards may be made by the Commission as deemed appropriate to those who are not eligible for a cash award.

Eligible Ideas

The following are considered as the type of ideas eligible for awards:

- Improving operations and practices
- Improving methods and/or procedures
- Saving time, labor, space, equipment or supplies
- Improving safety or health conditions

- Inventions
- Modifications
- Eliminating unnecessary procedures

All these ideas, of course, must be pertinent to City operations.

Ineligible Ideas

The following type of suggestions are *not* eligible for awards:

- Personal grievances, position classification, salary recommendation or problems
- Revenue measures
- Traffic problems within council policy
- State problem, but present no solution
- Relate to new facilities during first 6 months of occupancy
- Prior management action
- Not signed
- Are a group submission (i.e., more than two (2))
- Meet and Confer matters
- If governed by State/Federal Safety Regulations
- Pertain to routine maintenance or house cleaning
- Pertain to experimental installation, procedures or forms
- Pertain to errors in drawing, specs, operating rules normally corrected
- Those within employee job spec
- Implementation possible by suggester

Awards

The award structure for suggestions submitted and adopted is as follows:

- Minimum \$35 ... Maximum None*
- Based on 10% estimated 1st year savings. Up to \$500 award.
- Above \$500, following guide used:

1st Year Savings	Award
\$ 5,001 - 25,000	\$500 + 5% > \$5,000
\$25,001 - 100,000	\$500 + 1,000 + 1% > \$25,000

There are two types of awards:

1. Tangible—Savings measured in money for labor/services/equipment costs.
2. Intangible—Related to safety, working conditions, procedures, etc., ... where \$ savings difficult to determine.

Evaluations

Statistics

Taking a look at the last 6 years of the system, the following statistics show a declining trend on 1) % of employees participating; 2) number of suggestions received; 3) % of suggestions adopted; 4) actual savings accomplished from the ideas suggested, and 5) awards received by the suggesters.

*Highest to date: \$1,800.

	1974	1975	1976	1977	1978	1979
Participation						
No. Employees	4650	4800	4900	5000	4900	4860
No. Participating	125	118	112	102	78	93
% Participation	2.7	2.5	2.3	2.0	1.6	1.9
No. Suggestions	144	127	167	121	96	83
Adoptions						
% Adopted	43	37	39	56	73	26
Savings	—	\$43,000	\$53,890	\$80,000	\$67,700	\$32,400
Awards	\$5,968	\$ 3,597	\$ 6,759	\$ 6,490	\$ 5,522	\$ 3,410

Administrative Costs

Looking at the cost to the City to administer the program and the actual savings realized from the suggestions, especially in 1979, the ROI (Return on Investment) to the City is only 1:1. Adding the awards presented, the system has actually been losing money for the City:

	Hours/Yr.	Approximate Annual Costs
Personnel Staff	1400	\$12,000
Evaluation Time (140 @ 5 Hr.)	700	7,000
Commission Meetings*	400	5,000
Annual Budget	—	2,000
		\$26,000
	+30%	
Overhead		7,800
Total		\$33,800

*Average of 8 City employees attending 25 two-hour meetings per year. To this should be added the time expended by the local industrial representative, the cost of which is supported by the local company and not the City.

Conclusion

It is the general conclusion of the majority of the Suggestion Commission membership that the system has proved to offer many advantages to both the employees and the City. The participants have felt involved in improving the City's operation, it certainly has improved the morale of the winners, and the City has definitely benefited from the adoptions. Unfortunately, at the present level of effectiveness of the system, the Commission looks at these several disturbing negative elements:

- Less than 2% of the eligible employees are participating in the system.
- The volume of suggestions received has fallen off 50% the last four (4) years.
- Savings realized has fallen off to almost a meaningless degree.
- Return on investment is at the break-even, or shortly under margin.

Some of the major reasons for this sluggish performance, the Commission feels, are:

Lack of System Promotion

There is no evidence of publicity, communication or promotion related to the plan. No display of award winners, no Bulletin Board announcements, no real positive indication to the employees that the City is interested in receiving suggestions from its people.

In fact, there is some suspicion that in some departments, suggestions are screened out by management *prior* to their submission.

Low Employee Perception

As the result of this lack of promotion, few employees either know about the system, care, or even care to participate. When the City evidences lack of interest in their ideas, it is appreciated that the mass of the City population seems to care less about participating.

Little Management Interest or Support

There is evidence of little interest or support from the Council through the top management ranks. These are some examples:

- One Council Member is to sit on the Commission. No attendance or interest has been shown this year to date.
- Responsible Commissioners have delegated their responsibility for attending the meeting to lesser representatives.
- Little evidence of even Personnel Management support has been shown this year to date.
- Slow turnaround of many suggestions, as well as negative, less than objective responses have shown a lack of interest on the part of many department heads.

Lack of Training

For the system to become a vibrant, healthy program, all the players have to be knowledgeable about the program. At the present time, there are no training or orientation programs about the system to employees or management. It is really no wonder that employee and management perception is so low.

Little Recognition of Award Winners

Along with the lack of promotion or communication about the system, there has been

no noticeable element of recognition of award winners. Prior to this year, high award winners have been attending the Annual Bay Chapter Meeting of the National Management of Suggestion Systems for recognition *outside* the City. While this may have been somewhat rewarding to the participants, it was decided this year by the Commission that more recognition of the award winners by their peers and management was needed. Thus, a local City Recognition Luncheon was held and attended by some members of management. This was reportedly successful and considered to be a step in the right direction.

Materials/Forms/Supplies Out of Date

All forms and brochures must be updated to reflect current rules and regulations of the system. In addition, the Suggestion Boxes located throughout the City are not up to the standard that reflect the image of an active, successful program. They definitely need to be replaced.

The present 1400 hours per year presently available to the program from the Personnel Staff are not nearly enough required to coordinate all suggestions; determine if they meet requirements; assigning them to the areas affected for evaluations; reviewing the evaluations, reconciling with the evaluator if the evaluations do not answer the suggestion; following up to assure that evaluations are answered promptly; presenting the files to the Commission; satisfying the Commission's redirection and desires; preparing the minutes of the Commission meetings; replying to the suggester; promoting the plan; keeping the material up-to-date, etc. It is clear that the present staff does not have nearly enough time to accomplish what is required.

If the program is to be upgraded, it is vital that the time of one (1) full time analyst be assigned to the program and necessary clerical/secretarial assistance also be allocated.

Award Formula

The award formula does not serve to give the employee much motivation to strive for significant savings. It should be increased and tied in with actual savings realized.

Negative Impact on Morale

With a marginal return on investment, the system could still be regarded as a beneficial program if it were helping build employee morale. Unfortunately, all evidence points to the fact that the system at its present level has a very definite *negative* impact on morale. Employees perceive that management a) does not want their ideas; b) is not objective about its evaluations, and c) fails to recognize them for their good ideas.

Unrealized Savings, Improvements and Safety Enhancements

All the foregoing problems add up to unrealized savings, improvements and safety enhancements. If the City wants to correct this situation, the administration of the system must be improved.

Recommendations

Preliminary discussion with City Management and members of the Task Force indicates there is a sincere desire to turn the system into an effective program. These are the proposed steps to help accomplish the desirable end results:

Increase Personnel Manpower

The full time attention of one (1) individual in Personnel is required. This person should be called the System Program Manager (Staff Analyst II) and be held responsible for "managing" the "system." Assisting this person should be at least .5 equivalent time of a secretary/clerk in Personnel.

Develop An Improvement Program

The following activities and projects should be implemented to upgrade the program. Responsible for developing and implementing these steps should be the newly appointed System Program Manager. A time schedule should be established to upgrade the program to a reasonable stage within the next twelve (12) months.

Here are the activities and projects recommended:

Develop Suggestion System Manual

A manual explaining the system and how to administer the program should be prepared

for each department head. (Approximate cost - \$1,000.)

Upgrade System Materials

The brochure for employees needs revision as do the Evaluator Manual and Suggestion Form. Consideration should be given to making suggester anonymity an optional feature. Posters should also be prepared and posted quarterly. (Approximate cost - \$4,000.)

Develop New Suggestion Boxes

Approximately 100 boxes should be selected for the purpose of holding the suggestion forms, envelopes and brochures. These boxes should be attractive and functional. (Approximate cost - \$1,200.)

Develop Training Modules

Two training modules should be developed to a) orient employees about the system, and b) outline to evaluators how to evaluate suggestions. (Approximate cost - \$2,000.)

Give Publicity to Award Winners

If the City reinstitutes a Newsletter, publicity about the system and award winners should be periodically included. Pending this step, a list of award winners should be posted monthly on City Bulletin Boards. (Approximate cost - \$200/yr.)

Give Recognition to Evaluators As Well As Suggesters

Evaluators must also be given recognition by their department heads. Consideration should be made to certifying evaluators or recognizing them at an annual dinner at which time the suggesters should be recognized by City Management. (Approximate cost - \$2,000/yr.)

Establish Measurement Targets

- Processing turnaround must be improved. Targets in respect to time allotted for

answering suggestions should be established and department heads measured for their performance against these targets:

>	75% within	59	Days
<	20% within	60-119	Days
<	5% within	120	Days

- A Return On Investment target should be established. Within 2 years a 3:1 ratio should be accomplished with the Director of Personnel held responsible to achieve. The Suggestion Commission should also be measured against this objective.

Improve File Processing Procedures and Commission Efficiency

While the Commission offers the third party objectivity too often missing in any usual Suggestion System, a review of its operation, structure and overall efficiency should be made. The fact that appointed or assigned representatives are not attending should be analyzed. It would seem that to tie up a department head and/or Council Member for 2-3 hours every week is not vital to making the Commission effective. Rather, the Commission makeup could be legally changed and still not water down its relative importance.

Improve Award Structure

The award structure is such that it is demotivating. It should be changed to motivate employees toward more significant ideas and benefit from a formula that accelerates a savings increase.

Cost Analysis

To implement these recommendations, administrative cost to the City will be increased as follows:

	Fiscal 1980-81	1982-83
Evaluation Time*	\$10,000	\$10,000
Commission Time*	5,000	5,000
Staff*	34,000	34,000
Material		
Brochures/Posters	2,000	1,000
Forms	2,000	1,000
Suggestion Boxes	1,200	—
Training Modules	2,000	—
Manual	1,000	300
Bulletin Board Notices	—	200
Recognition Affairs	500	2,000
Total	\$57,700	\$53,500

*Includes 30% overhead.

Compared with the present costs (\$33,800) the increase per year after start-up will be an approximate \$20,000.

With a 3:1 ROI objective, however, this increase should realize an annual savings return of \$150,000 within a twelve (12) month period following implementation.

Benefits

The very benefits that are outlined as the present objectives of the Suggestion System

and are not being realized today should begin to be seen within twelve (12) months following implementation.

These are:

- The City should begin to realize improved efficiency and cost reduction.
- The citizens of the City should see improved service and lower costs.
- The City employees should benefit from increased awards from the system.
- City employee morale should improve.

Project Leader

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City Staff

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Personnel Data System

Background

The Personnel Data System Project was assigned to review the Personnel Department information handling processes. Within this review it has been our goal to find where, through new equipment or electronic data processing applications, Personnel Department services can be improved.

Our management study project has been designed to complement the mission and goals of the City Personnel Department stated for us as:

Development and maintenance of a means to recruit and retain an effective City work force. To administer the policies, rules and legal requirements related to City employment and to do so in a manner that will achieve a fair and equitable employment system. The City Personnel Department further seeks to maintain the high standards required of City personnel. Additionally, it is required that optimum opportunities be provided for minorities and women in all sectors of employment including promotional opportunities.

The objective of our study has included not only an investigation that will hopefully serve the operating needs of the City Personnel Department, but also identify areas through which the Personnel Department and other City department managers can be provided useful personnel management information.

Investigation performed has included interviews with:

- Office of the City Manager
- Administrative Group Heads (3)
- Department Directors (5)
- Personnel Department Division Heads (6)
- City Department Personnel Officers (5)
- Director of Information Systems Division and various analysts presently pursuing related special projects.

The operational environment of a personnel function may be made up of three major components, which are interrelated and, to a large extent, may use the same data. These components are payroll, personnel management, and personnel administration. To effectively solve personnel problems, a comprehensive

personnel system may be needed. Large volumes of data are required in any personnel system. One effective means of handling vast quantities of information is to make use of data processing techniques.

Ready access to current, accurate personnel information helps management to make sound employee decisions, and it is also extremely important in complying with governmental reporting regulations particularly with regard to Equal Employment Opportunity practices. Although this need for full, timely, and accurate information on employees is recognized, it is often difficult to organize and store pertinent data so that it is readily retrievable. The necessary information is usually scattered, with salary data remotely filed in the payroll department, employee history and appraisal data, if kept at all, in clerical files, and skills and background data known only to the individual employee. Thus, retrieval of this data, which is often incomplete, incorrect, or outdated, takes hours of searching. By storing personnel statistics, performance records, employment history, and complete skills inventory in a data processing system, meaningful data can easily be kept current and readily retrievable as needed for reporting and statistical purposes.

A good personnel information system will aid management in performing efficiently the following functions:

- Consolidation and standardization of personal employee information
- Salary administration
- Performance review
- Lost time analysis and control
- Skills inventory
- Educational survey
- Job and geographical preference reporting
- Employee history review
- Utilization of available manpower
- Future executive and management level planning
- Personnel reporting per Governmental requirements
- Special purpose management reporting

As an example: Management Sciences of America offers a Personnel Management and

Reporting System that maintains and reports on data in the following areas:

- Personnel Information
- Educational Background
- Skills Inventory
- Current Job Information
- Performance and Salary Reviews
- Qualifications and Preferences
- Benefits
- Health and Safety

Additional modules available are as follows:

- Position Control
- Benefits
- Life-to-Date History
- Lost Time
- Applicant Flow
- Manpower Development
- Labor Relations
- Rating

Environment

In October 1975, a statement of requirements for a Personnel/Position Control Package was approved and accepted by the City Personnel Officer and the Data Processing Department. This package has been installed and contains the following data processing reports to Personnel:

- Position Control Status Report
- Employee History
- Employee Verification List
- Salary Increase Status
 - Automatic Salary Increases
 - Hourly Employees Hour Accumulation for Step Increase
- Attrition and Staffing Ratios
- Worker's Compensation Report
- Accident Prevention Report
- Pay Plan
- Seniority by Department and Class
- Employee Medical Report
- Position Control Vacancies
 - By department within class
 - By class within department
- Position Control Limit Date Report
- Annual Statement — Retirement Fund

At the present time, the City of San Jose does not have a computerized personnel data sys-

tem as described in the example previously stated in this report. Based upon the results of interviewing department managers, it is obvious that additional development and training efforts need to be provided.

Very special information needs rest in the areas of reporting necessary to meet requirements of the City's Meet and Confer processes, Affirmative Action and Equal Employment Opportunity (EEO) tracking and reporting, and the tracking of seniority by job class.

Given the existence of what are seen as satisfactory and reliable independent automated systems for Personnel Position Control and for Payroll accounting, there is a potential capability for reasonable expansion of the City's personnel data needs. Due to a probable lack of understanding and/or adequate training of managers/supervisors and/or expressions of need, this potential has not been developed to its maximum.

Evaluations/Recommendations

Specific evaluations, expressions of concern, and recommendations follow:

- Operating on a Burroughs 3700 computer are separate Personnel and Payroll systems that were purchased by the City from Management Sciences of America (MSA) approximately five years ago (1975). The City is, however, limited with respect to selection of prepackaged systems that we are able to identify that support Burroughs computers. For all practical purposes, the two existing systems operate independent of one another. The independence of the two systems appears to have been the directed result of previous Finance Department, Personnel Department and Office of Management and Budget management decisions and is not a limitation imposed by the systems themselves or by the City's Information Systems Division's potential capabilities.

To satisfy special needs of the City, both the Personnel and the Payroll systems were highly modified.

Changes in the Personnel system included the adding of a position control record, the provision of limit dates on specially funded projects, maintenance of an employee history record, etc. Modifications in the Payroll system accommodate project

funding, bargaining unit designation, automatic salary step increases, labor distribution, retirement, sick leave, vacation, and compensatory time accruals, working in higher classes pay, premium pay, automatic docking for hours not worked, special deduction processing for health and life benefits.

The modification to the Personnel system allowing for maintenance of an employee history record provides a computerized file containing each individual's name, address, social security number, department number, emergency data, benefits codes, employment status (probationary, provisional, full time) position number, job class number, and salary. In the event of change to any one of these elements, an updated card record is printed and provided to both the Personnel and Payroll Departments.

Regardless of City imposed and designed modifications to the purchased package systems, both are now considered reliable.

There is a degree of duplication and a lack of currentness in the data maintained between the Personnel/Position Control (PPC) and the Payroll computer files. Each system holds a separate record of a file key, name, address, social security number, sex, EEO code, position number, job class number, current employment date, employee status, termination code and date, as well as others. Such duplication of data uses up valuable computer record storage space that might otherwise be used by other applications. This problem is the result of earlier user department decisions that have served to force the independence of the two systems and the control over them.

With duplication of data elements, both systems may at any one time possess different information, thus affecting the currentness of any reports produced. The lack of currentness or even accuracy appears to rest in the fact that paperwork through payroll is recorded more timely than that for the PPC system.

Additionally, the completeness and accuracy of the limited computerized employee history data that is available is suspect.

Job history information was converted to the computer from manual records some two years ago by the Personnel Department, yet City department and division managers still express concern over known errors and omissions. Reliance on this data would be terribly risky in the instance of a layoff. An analyst in the Personnel Department must monitor any specialized seniority reports and make manual adjustments as applicable.

Previous management decisions, as noted earlier, that serve to preclude the degree of program integration we believe is appropriate and necessary, further complicates the duplication, currentness and accuracy problems. The Payroll system accepts no data from other available sources, and in turn shares with the Personnel/Position Control System only limited data concerning changes to name, address and current salary. All other data must thus be input to the computer twice — once to each system.

It is our considered opinion that a true interface needs to be provided between the two systems. Any element of personnel data need be key input once only and allowed to flow through one system and on into the other. Control features peculiar and inherent to each of the existing systems may require selective further modification to provide each with an ability to pick out only the data it requires. A single master file is the ideal situation.

Immediacy seems appropriate in the area of cleaning up existing records. A special computer program should be written that will automatically compare the separate master files from which information now flows. From a printed report, differences between these two records can then be reconciled, investigated, and corrected by the Personnel Department.

Some method of phased investigation directly with each City employee is believed necessary. To provide maybe 1/12th of the City staff each month with a copy of their computerized history record would be a reasonable step. With such a distribution, comments and/or corrections would be called for and then researched by the Personnel Department. A program

of continuous updating should then be undertaken, calling for scrutiny by the employee of his work history and personal data on a regularly scheduled basis.

Should, at any point in the future, it be seen as reasonable to consider replacement of the present payroll system, we strongly encourage an integrated Personnel/Payroll system (one master file). The City's present program vendor, Management Sciences of America, markets such a package that includes a position control record.

- Currentness of recorded data is further suspect in the form of scheduled reports produced by the Position Control System. While the system itself is seen to be sound and reliable, many users of the present monthly reports feel they are inaccurate. The perceived inaccuracy seems to result from either processing bottlenecks or it is due to information preparation not being input fast enough. The lack of being able to have current information in position control reports results in extensive manual record keeping throughout the City departments for their authorized staffing levels and vacancies. Little use then is made of the computerized Position Control Reports.

The credibility that should be vested in Personnel/Position Control Systems is not apparent. Manual tracking is thus an expensive result, as well as an eventual duplication of effort incorporating its increased costs and lost time.

The currentness of and control over data in any system is of paramount importance. That factor being absent from the Position Control Reports raises natural concern that other information in the larger "Personnel" system is also not current.

Personnel information preparation and/or its input into the systems requires close investigation. Bottlenecks need to be exposed and work flow improved. The Personnel Department, and the Office of Management and Budget, with possible assistance from Information Systems Division, are in need of assigning an analyst to look closely at work flow and to make recommendations for change.

At the present time the Personnel Department, through the use of a video terminal, is able to interrogate the Personnel/Position Control System. This facilitates that department's ability to access individual employee personnel records for current job and salary data and individual employee position records for current funding related data.

The Personnel Department staff responsible for data collection and input to the computerized system express a desire that their video terminal capacity also provide the opportunity for data input as well as inquiry. While this is not an impossible feature, it is seen as an expensive luxury that does not appear warranted.

Greatly expanded on-line data inquiry is an available feature of the present Personnel/Position Control System. This on-line report capacity can provide collective data and is not restricted to the access of only individual employee records. This is a most desirable feature that should be developed and utilized to maximum potential.

- There is some lack of communication and a larger lack of understanding between Personnel Department and Division Managers and the Information Systems Division into the real potential of existing Payroll and Personnel/Position Control Systems. The result has been limited development and utilization of what can be a more valuable personnel information system and management information tool.

Through special mechanics available in the Information Systems Division, desirable reports can be produced even though some of the data wanted is a part of the Personnel/Position Control System and some is a part of the Payroll System.

Additionally, the Personnel/Position Control System has an, as yet, untapped capability to record information such as formal education, as well as special training and personal skills history. Information of this nature is not now recorded.

Across the city-wide organization, manager/supervisor level users of personnel

information have expressed interest in reportable data showing, for example:

- Salary projections
- Turnover
- Salary and staff analysis on
 - Male/female
 - Race/ethnic codes
 - Occupation codes
 - Job Class
- Performance analysis
- More refined performance tracking
- Absence tracking

In an effort coordinated by the Personnel Department, management/supervisory representatives city-wide should contact Information Systems Division providing definitions of their desired report needs. With the retrieval ability available to ISD, numerous requirements can surely be satisfied. User investigation into this potential should certainly be made before embarking upon time consuming and maybe needlessly expensive manual compilation.

Key members of the Personnel Department should be retrained for effective use of data retrieval capabilities represented in the special "Reporter System" report generator utilizing their own video terminal. Information Systems Division is willing to provide this training, as well as to reinforce its use with follow-up training.

Should it be found that current staffing in the Personnel Department is not sufficient to handle this work load and that required to coordinate the work flow study mentioned previously, it is probable that some relief will be forthcoming coincident with implementation of a new Police Personnel Resource Information System. PPRIS will be operated and controlled by the Police Department and they will maintain and enter onto computer records all of their own data.

- The Police Department and Information Systems Division are currently developing a special system known as Police Personnel Resource Information System (PPRIS). This project's design and emphasis is being tailored to many special conditions peculiar to the Police Department, but in con-

cept is viewed as a rather comprehensive pilot project. After implementation in the Police Department, PPRIS will represent a valuable tool that should be capitalized upon by the Personnel Department for city-wide use.

The Police Department will control the use of their system, personnel data collection, data recording, and will produce their own reports. The Police Department will record their own new employments, changes to employee status and terminations. The Police Department will also record a full bank of personal information in addition to:

- A skills bank:
 - Formal education
 - Special training/courses
 - Languages
 - Licenses/certificates (with expiration dates)
 - Civic organization memberships
 - Collateral assignments, etc.
- Seniority designations
- Budget and assignment designations

PPRIS is being designed to provide for on-line retrieval or intercept of computer recorded data and will allow the reporting of individual records or it will, as easily, cross the records of all Police Department employees. In keeping with the City's philosophy of distributed data processing, the PPRIS system will, in addition, provide for on-line data entry. This latter feature, as mentioned previously may be needlessly expensive and difficult to support when considering the potential limitations it could impose on the capacity of an otherwise valuable computer system.

We believe the Personnel Department should immediately be included in the Police Department/Information Systems Division developmental effort of PPRIS. In the absence of Personnel Department involvement, still further fragmentation of personnel data than that which already exists (separation of Personnel/Position Control and Payroll master files) may result. At the very least, Personnel Department involvement now can be sound preparation for future city-wide implementation.

- Affirmative Action reporting requirements have necessitated acquisition of a micro-computer. This very small and totally independent system provides comparisons of goals and time tables against the relevant labor market and indicates any adverse impact.

Some information already contained in the Payroll and the Personnel Position Control Systems is extracted by Information Systems Division and given to the Personnel Department in hard copy report form. This data is limited to that covering the current work force only. At the present time required information concerning job applicants is not included in any computerized record keeping and must be compiled manually.

Data from ISD and additional manually compiled details are then separately entered into the Affirmative Action Reporting microcomputer system for programmed messaging and report formatting and production.

This reporting system is new and it will take time to determine its adequacy.

Since acquisition of the micro-computer and its reporting system is on a one year rental basis, it should be monitored closely. Approximately six months of use should be a reasonable test.

We propose that with about six months of use/experience, both the Affirmative Action Manager and an analyst from Information Systems Division should evaluate the micro-system, its operating mechanics and its end product. They must ensure that it is doing what needs to be done according to the law and Affirmative Action guidelines.

Should it be determined that the micro-system is unnecessary or inadequate for the monitoring of 4,000 employees, the evaluation process will serve as a foundation for development or purchase of a new Affirmative Action computer application. Such a package could operate as a direct interface with the Payroll and Personnel Position Control systems operating on the City's main frame computer and draw much of the needed data directly from those systems.

- Attendance monitoring done by the City of San Jose is performed for payroll purposes only. The computerized Payroll System accounts for numerous categories of absence as reported on individual time sheets. Accrued and available sickness salary days and vacation days as well as personal absences (paid or unpaid) and days on disability (Worker's Compensation) are among the categories provided. The system makes appropriate salary disbursement adjustments accordingly.

Absence tracking, as a separate record for each employee, is performed manually and is done inconsistently if at all. Supervisors express some hesitancy to use absence data for counseling purposes, thus the inconsistent practice to record this information.

There is no way to produce computerized records that might report on individual or group productivity losses. There is no way to expose developing trends in the attendance record of an individual staff member, such as absences on Monday/Friday or just before or after a holiday.

It is the consensus of our study group that absence tracking is a valuable performance evaluation tool. This opinion is shared with us by many City supervisory staff.

We recommend that a study be initiated to ascertain the costs related to lost time due to absences. Subsequent to those findings and any policy that might develop as a result of the exposure of possible abuses, further investigation should be made into the costs to develop and maintain an in-house absentee system. Inasmuch as such systems tend to be paperwork intensive, costs to run and monitor an absentee system equitable to all classes of employees can be high.

As a counseling, performance evaluation, or even a sound record in support of termination, attendance/absence tracking has been accepted in industry as a valuable management information tool when policy is established and applied consistently, fairly, and uniformly across the work force.

- Worker's Compensation salary benefits represent a significant cost to the City of San Jose. At the present time managers/

supervisors, must manually track disability absences for planning and projecting when those on disability may be able to return to work.

While City employees on Worker's Compensation disability are entitled to a job when they are able to return to work, alternative job class placement may be meaningful or even necessary.

The existing Personnel Position Control system operated by the City has two available, yet unused, fields of information for "leave start date" and "leave stop date." If the Personnel Department were to originate computer data entries into these fields using information from Medical Services or other authorized doctors, Information Systems Division could produce appropriate reports. If an education, training and special skills bank of information is developed as a part of computerized personal histories, meaningful com-

puterized reports could be produced facilitating identification of possible alternate job classes into which returning staff members might be productively placed.

- The Employee Services Division of the Personnel Department must annually collect actuarial data on active, retired and terminated staff. Information gathered facilitates actuarial study relative to the amount of reserve funds that must be provided for the City's retirement benefit liabilities.

Minimal effort is required in the instance of active employees, since the data can be retrieved from the Payroll System. Many man hours have been utilized in the past to collect required information covering the retired and terminated staff groups.

Following is a breakdown of approximate times required to manually research records and gather relative details:

Employee Group	Approximate No. of Staff	Approximate No. Man Hours
Terminated	800	400
Terminated-vested	180	90
Retirees	120	30
Beneficiaries	20/25	4
Total Manhours		524

(Equivalent of one person, 75 work days at 7 hours/day)

Between the Personnel/Position Control System and the Payroll System, computerized data is recorded sufficient to meet this reporting requirement. Special mechanics can be easily provided by Information Systems Division to get this entire job done without manual data gathering.

Information Systems Division should be

called upon to create a special history file each year from the information in the PPC and the Payroll System that is automatically purged on terminated staff. Each year that special records history file can be added to. Details required for actuarial study can then be appropriately reported upon request to ISD.

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City Staff

*Fran Galloni — Personnel Department
Jack Van Sambeek — Office of Management
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Time Required

Monthly meetings to review status and provide advice—from $\frac{1}{2}$ to 1 day per month over a period of 9 to 18 months.

Miscellaneous "on-call" consultation— $\frac{1}{2}$ to 1 day per month.

Project Leader

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Personnel Compensation Review

Environment

With the recent installation of the Hay System for management/supervisory positions in the City, in conjunction with other changes being initiated in the City Personnel Department's structure and programs, the review of Personnel Compensation should be considered after the new system has had a chance to become fully installed and accepted. As a successful implementation of an operationally sound incentive system is a complex, controversial and time-consuming task, the use of a Citizens Advisory Committee would significantly aid in program development and acceptance in the community.

Implementation of two key Hay recommendations, 1) open ranges for management and 2) installation of a pay-for-performance system of salary administration for management positions, should be completed before the installation of an incentive system. This type of base is essential to the effective use of any incentive program.

To implement the open range and pay-for-performance approaches as a foundation for an effective Personnel Compensation Program, the following steps must be included:

- Completion of the Hay System installation, including resolution of the internal equity/market pressure problems being experienced.
- Development of significantly broader open, versus step, pay ranges for management employees, as well as a merit matrix that provides for pay disbursement based on measurable performance differences.
- Definition of pay-for-performance measurement criteria, development of a documented program and complete training of all managers in the workings of the program. Definition of effectiveness for included positions in terms of charters, results expected, and final measurement standards. It has been approved by City Council to contract this phase out through Hay Associates.

Operational Approach

To be truly effective, the City Personnel Department should manage the definition, formulation, communication and installation of the programs. Using Hay Associates as a resource, this should be done as an integral part of the department's mission and in the context of department members' ongoing interface with all other city departments.

Support and Timing

To be effectively done within the City Personnel Department, complete and professional installation should take between 9 and 18 months. This is taking into consideration the resources available and the normal cycle of program development, review, approval and installation found in all large organizations.

Recommendation

It is recommended that an advisory committee be set up with the following skills which could aid significantly in concept and program development.

- Compensation expertise in terms of management pay philosophy and practices.
- Training and development expertise in terms of the construction of training courses that effectively provide knowledge transfer in a measurable manner.
- Organization planning skills in terms of charter definitions, identification of basic results received and development of clear measurement standards.

Some ways in which the advisory committee will be utilized include:

- Definition of specific action steps and reasonable timetables.
- Knowledge of effective practices on an industry-wide basis.
- Acting as a sounding board and internal "devil's advocate" for the Personnel Department as key program segments are developed.
- On-call consultants to provide immediate advice when needed.

Employment Process

Present Environment

The Personnel Department has specific responsibility to generate a supply of candidates for City positions, to separate the qualified from unqualified through appropriate testing, and to control the number of qualified candidates certified (supplied to the appointing manager) to be interviewed for any given position. They do not take part in the actual selection of the successful candidate, other than ensuring that a pre-employment physical exam is passed.

The Personnel Department spearheads a strong City commitment to equal opportunity in hiring by counseling managers early in the hiring process and then reviewing each selection before appointment.

Supply

The years 1978 to present are characterized by a decline in applicants, a problem shared by all Valley entities, public and private, as shown in Table 1.

The City recruits for vacant positions by:

- Posting job announcements in City Hall and sending announcements to a mailing list of libraries, local public agencies, local community groups, union halls, etc., as appropriate.
- Actively recruiting protected group members through contact with community groups. Personnel staff members are assigned this responsibility.
- Advertising in local newspapers or national publications as appropriate. Advertising budget was \$14,000 in Fiscal 1980.
- Employees may apply for posted openings and compete in the examination with external candidates; employees may also transfer laterally to other positions without examination.

Applicants specify the position or classification for which they are applying and are screened and examined for this classification only. A person may apply for more than one classification by submitting an application for each. Applications are accepted only for classifications currently posted and only during a limited time period stated in the announcement, usually a one-day to three-week "window." There are 25 to 30 classifications listed as "continuous" however.

Classifications for which City needs are relatively high, or for which candidate population is small compared to need, are listed as "Continuous Exam." Applications for these classifications are accepted at any time. Each Personnel Analyst decides which of his/her classifications will be continuous, and monitors the number of applications received.

Qualification

The objective of Civil Service rules relating to employment is to ensure all candidates are judged on an equal, fair and impartial basis.

Personnel carries out this objective by testing all candidates who meet the minimum qualifications for a classification and preparing a list of eligible candidates who pass the exam(s), which may be written, oral, practical, work sample, or any combination of these. "Open" exams may be taken by any qualified external candidate or employee. "Promotional" exams are for employees only. Candidates are ranked on the eligible list in order of their exam score, highest score first.

Completion of the examination process is time-consuming and is one reason for dissatisfaction voiced by operating departments:

- Test questions must be carefully prepared to check required job skills and knowledge. Personnel Analysts prepare the

Table 1

	1978	1979	1980	Δ %
City authorized employment	4596	4303	4267	-7.2
Personnel staff (employment)	39	37	34.7	-11
Number vacancies in July	446	621	566	+27
Applications received	9814	4265	6330	-36

tests with the assistance of department managers. Ten classifications out of 350 have standard validated tests prepared which are used over and over. Other classifications have a new test prepared for each exam since candidates are allowed to review answers to nonstandard tests.

- After the test, candidates are allowed seven days to protest the City's answers to any questions. In Fiscal 1980, ten exams were protested out of 150 administered. If the decision of the Personnel Director is not accepted on the disputed question(s), the candidate may appeal to the Civil Service Commission. Tests may not be scored till all protests are resolved. Delays range from a minimum of seven days (present on *every* exam) to 60+ days when appealed to the Commission.

In Fiscal 1980, an average of 120 days were required between submission of approved requisition and certifying of eligible candidates when no eligible list existed and an exam had to be given. When a list exists, the manager typically received names in less than 10 days.

A manager with a vacancy to fill is given the top ten names from the appropriate classification list. These ten candidates are simultaneously notified to contact this manager if they wish to be interviewed. The candidate has the option of refusing the interview but remaining on the list for subsequent openings. In Fiscal 1980, 1.6 candidates waived interview for every 10 that were certified. The manager may make his/her selection from the lesser number or ask for additional names to replace the waivers.

In Fiscal 1980, only one out of five (22%) certifications gave the hiring manager nine or more eligibles. The average number of certifications was 5.4 candidates, based on a random sample of 380 requisitions out of almost 800 filled. An increase in employee turnover and fewer applicants for most City jobs are apparently the cause for eligible lists not containing enough candidates. The hiring manager has the choice of selecting an appointee from a smaller number of candidates or waiting through the lengthy list-generation process for additional names.

Selection

The hiring manager interviews and selects a candidate from the persons certified to him/her and who accepted the invitation to interview.

Appointment to all classified positions is contingent upon passing a pre-employment physical exam. Public Safety positions (Police and Fire) have more rigorous requirements than other positions. In Fiscal 1979, 900 pre-employment exams were given. Fifty-six (56) candidates failed. Three hundred fifteen (315) others had abnormalities noted. The average time to process the appointee through the medical office was 12 calendar days (median 8.5 days). The pre-employment physical was waived for a number of months in 1980 for certain clerical classifications in order to shorten the time required to fill these openings.

One thousand twelve hundred eighty-five (1,285) vacancies were filled in Fiscal 1980 (11 months extrapolated to 12), of which 815 were external and 470 were employee promotions or transfers.

Administration

A Position Control System generates semi-monthly status reports on vacancies in the City. This system provides information on number of vacancies, how long open, and type of classification to the Personnel Analyst. This system resides on the City's main data processing computer.

All data and reports relating to candidates and testing is generated manually except for rejection letters to applicants and scoring of test answer sheets. Statistics on applicants for each exam, affirmative action reports, calculation of combined test scores, merging of old and new eligible lists, and invitations to exams are all done manually. At present, there are 8.5 persons involved in clerical administration.

A word-processing computer with basic file-handling capability is about to be delivered to be shared by several departments. Personnel is planning to utilize the computer to improve efficiency and increase the level of service to applicants and City departments.

Analysis

Department heads are concerned about the number of days required to appoint a person after a requisition is approved. In cases where an eligible list has to be established, the average time required is 120 days. This seriously impairs department operations. Since City-authorized employment has been reduced each of the last three years and the number of vacancies has increased, the effect of every hiring delay is magnified. In general, hiring authorities feel the Personnel Department is not responsive to their need to fill vacancies in a reasonably short time.

Recruiting Applicants

Facts

The labor market in the Santa Clara Valley is extremely tight for nearly all types of positions due to competition from rapidly-growing private industry.

Employment with the City is viewed with hesitation by candidates because of tax-reduction measures passed and/or publicized in the past three years.

Applications received dropped 35% in three years. Correspondingly, the number of vacancies as a percent of authorized employment grew from 9% to 13%. (Industry averages around 5%.)

Average number of candidates taking each written exam has dropped 66% from 1978 to 1980. (See Appendix A for data.)

Recommendations

Begin recruiting for a classification earlier when the existing list reduces to a specified minimum number of candidates. Establish a minimum "trigger" point for each class which will meet typical hiring needs for three months.

Establish a realistic recruitment expense budget based on expected City examining schedule. Suggest \$250 for each exam given for nonexempt positions and \$1,000 for each exam given for exempt positions. (Based on Fiscal 1980 activity of 150 exams, budget would be \$59,000.)

Benefits

Reduce hiring delays caused by no list or list with too few eligibles.

Increase number of applicants by utilizing a larger recruitment budget.

Improve candidate perception of City as employer.

Protest Period for Written Exams

Facts

Hundreds of person-days of productive work are lost to the City each year because of the protest period. In FY 80, this "waiting" time was 810 days, of which only 271 days were used to enter or resolve protests.

The majority of applicants suffer in their attempt at speedy employment because of the few that protest. Only 11 external applicants out of 1650 that were examined in FY 80 entered protests (less than 1%).

The protest mechanism is heavily used in Promotional Exams in the Police and Fire departments.

(See Appendix B for data.)

Recommendations

(Requires Civil Service Rule Change.)

Eliminate protests on Open exams.

For Promotional Exams that are protested, where the candidate does not accept the Personnel Director's decision, the appeal will be to a three-person board consisting of:

Member	Chosen By
One Member of Civil Service Commission	Civil Service Commission
Two Department heads or representatives with knowledge of job being examined.	Personnel Director
This Board to meet to resolve the protest within 10 days of notice of appeal by candidate.	

Benefits

Add 544 person-days of work to City each year (based on FY 80).

Speed up hiring process by minimum 7 days per Open exam.

Faster and more equitable appeal process on protested Promotional Exams.

Preemployment Medical Exams (Requires Civil Service Rule Change.)

Facts

Federal law requires that when employment is contingent upon passing a physical exam, the physical standards must be necessary to adequately perform the job.

Pre-employment medical exams presently add 12 calendar days (average) to the hiring process.

Disability retirements are extremely expensive to the City.

(See Appendix C for data.)

Recommendations

Classify all City positions into two groups:

Group	Classes (typical)
I. Sedentary	Clerical, administrative, management
II. Active	All other positions

Candidates for Group I positions not to be given medical exams but would fill out a medical history form during first week of employment. History form to be reviewed by City Nurse. Candidates for Group II positions to be given pre-employment medical exams with standards appropriate for each group set by Personnel Director.

Benefits

Shorten time to appointment by 12 days for approximately 290 (out of 514) classifications. Will shorten time to appointment for other classes by freeing up medical exam schedule.

Hiring Part-time and Seasonal Employees

Facts

Time required to appoint to these positions same as for full-time positions: 46 days if a list exists, 154 if list must be established.

Seasonal openings appear in high volumes (54 Recreation Leaders, for instance) and must be hired within a short time.

Part-time positions of 10 to 15 hours per week return less contribution to the City and involve less hiring "risk" than full-time positions.

(See Appendix D for data.)

Recommendations

Revise hiring procedures to meet volume needs and reduce administrative costs by:

- Examination to consist of Analyst grading a supplemental questionnaire filled out by applicant. Position on eligible list to be determined by this grade. Candidates to be added to list as applications are received and graded. Protests not allowed.

Classifications to be examined this way to be determined by the Personnel Director. Supplemental questionnaire for each class shall ask for information on past experience and job skills.

Benefits

Interviewing supervisors have rapid access to qualified candidates when they're needed.

Reduction of administrative time and cost incurred by City.

Time required to fill those positions reduced from 46 days (average) to 14 days or less.

Waiver of Interview After Certification

Facts

In FY 80, one or more certified eligibles waived interview on 25% of requisitions. 16% of all certified candidates waived interview.

Certifying replacement candidates requires 3 to 10 days.

In FY 80, 78% of certifications gave the appointing authority 8 or less eligibles from which to choose.

Approximately 200 person-hours per year required to process Request for Waiver forms.

Most waivers are from internal candidates.

(See Appendix E for data.)

Recommendation

(Requires Civil Service Rule Change.)

Candidates removed from eligible list after three waivers of interview or three waivers of appointment.

Benefits

Appointing authority will have ten viable candidates at first certification more often.

Eligible lists will consist of active candidates ready for promotion.

Reduce clerical costs for processing waiver forms.

Administrative Systems and Procedures

Facts

The Personnel Department has 8.5 people involved in clerical administration.

Intradepartmental communication and paper-work flow works satisfactorily.

Statistical data for reports is manually prepared.

Employment lobby procedures call for two conversations with each visitor-applicant.

Regular record retention and purging program is not being followed due to current backlog.

(See Appendix F for data.)

Recommendation

Change employment lobby procedure: application forms, job announcements and instructions displayed in a self-service format. Front desk clerks talk with applicant after application is completed; those needing

preliminary assistance are instructed to go to front desk.

File records which are ultimately to be purged separate from other material.

Benefits

Reduction in clerical time of 525 hrs/year by not dealing twice with every applicant.

Reduction in storage costs by purging files at appropriate times.

Summary

Adopting the listed recommendations will allow the City to realize these major benefits:

- Reduction in average time required to fill a vacancy is shown in Table 2.
- Reduction in required clerical support by streamlining front-desk procedure—525 hrs/yr.
- Reduction in “lost” days due to protest process (projection based on 1979-1980 activity).
- Additional 544 person-days per year available to appointing authorities.

Table 2

	Present (days)	Proposed	Change
Eligible list exists	46	34	—26%
Eligible list to be generated	154	111-134	—21%
Part-time and Seasonal	46	14 max	—70%

Project Leader

Don Ridge — International Business Machines Corp.

Project Member

Jim Herbst — Hewlett-Packard

City Coordinator

Bob Farnquist — Director of Personnel

City Staff

Loren Bonham — Personnel Department

Fran Galloni — Personnel Department

Leslie Masunaga — Personnel Department

APPENDIX A

Recruiting Applicants

	1978	1979	1980	Δ %
Applicants Received	9814	4265	6330	-36
Applicants Tested (written)	5350	1503	1625	-70
Open Exams	139	83	70	-11
Average Applicants per Exam	38	18	23	-39

Median Cost per Hire

Skilled Labor	\$ 150
Unskilled Labor	75
Secretary	400
Clerk	200
College Recruits	1,300

Data copyright 1979 Bureau of National Affairs, Washington Survey data from private sector, manufacturing and nonmanufacturing industries. Recruiter and Personnel labor not included.

APPENDIX B

Protest Period

1979-1980 Protest Period Delay

Open Exams	70 x 7 days protest period	490
Promotional Exams	7 x 7 days protest period	49
Total Exams		<u>539</u>
10 Exams protested with days to resolution totaling		271
Total days delay		<u>810</u>

Note: 110 continuous exams also given. No protest period allowed.

Protest Data 1979-80

Examination	Items		Candidates		# Protests Disallowed (Analyst)	# Items to Civil Service Commission
	#	Total	#	Total		
Open: (6)						
Park Main. Sys. Supv.	1	4*	1	7	—	Did not go
Planner I	1	103	1	47	—	Did not go
Planner II	1	132	1	21	—	Did not go
Accountant III	7	102	3	26	4	Did not go
Planning Technician	4	77	1	10	2	Did not go
Planner III	1	114	4	27	—	Did not go
	15	532	11	140	6	
Promotional: (4)						
Fire Captain	45	140	26	126	36	11/19
Accounting Technician	2	100	6	47	—	Did not go
Fire Engineer	30	125	13	42	11	Did not go
Police Sergeant	41	150	35	220	27	??
(in progress)						
	118	515	80	431	74	11/19 + Possible Pol. Sgt.

Promotional: Of the 4 promotional exams, 3 were Fire and Police Dept. exams. Of the 118 items disputed, 116 were from Fire and Police exams.

*Essay questions

Examinations Protested 1979-80

	Exam. Date	Resolved	# Days
Park Main. System Supervisor	10/18/79	11/20/79	33 days
Planner I/II	11/03/79	11/19/79	16 days
Accounting Technician (P)	8/18/79	8/31/79	13 days
Accountant III	1/26/80	2/13/80	18 days
Planning Technician	2/23/80	3/06/80	12 days
Planner III	3/15/80	4/01/80	17 days
Fire Captain (P)	2/09/80	4/10/80	61 days
Fire Engineer (P)	3/01/80	4/25/80	56 days
Police Sergeant (P)	4/26/80	in progress	45 days (est.)

Last exam protest cleared in a month. Previous exams protest cleared in 2-3 months.

142+ eligible lists established FY 1979-80.

(P) Promotional examination

APPENDIX C

Pre-employment Medical Exams

- Cities Surveyed:

Columbus, OH
Jacksonville, FL

Phoenix, AR
Portland, OR

San Diego, CA
San Mateo County, CA
Seattle, WA

All give pre-employment medical exams to all candidates except Portland.

Portland does not give pre-employment exams to candidates for Sedentary positions, but do for all other classes. They instituted this program in 1975 and have not seen any change in costs of disability claims or Workmens Compensation. No formal cost studies were made.

San Mateo County and San Diego are considering switching to a similar system.

- Previous to the Hay study, there were 514 classifications. At least 289 were clearly Sedentary in nature, based on classification title.

City of San Jose Employee Medical Services

Pre-employment Time Study: From Application to Medical Clearance

OCTOBER 1979

Total Full-time Applicants: 70

Average time from receipt of application to clearance: 12 days

Median time from receipt of application to clearance: 12 days

Total Part-time Applicants: 52

Average time from receipt of application to clearance: 9 days

Median time from receipt of application to clearance: 8 days

Note: Figures are based on a time period of 50 days or less to clearance. Exceptions listed below:

Exceptions:	Waivers	1	
	Cancel	1	
	Incomplete	3	
	Delay	1	(134 days—applicant failed to provide necessary medical report on previous back surgery.)

JANUARY 1980

Total Full-time Applicants: 46

Average time from receipt of application to clearance: 12 days

Median time from receipt of application of clearance: 10 days

Total Part-time Applicants: 46

Average time from receipt of application to clearance: 11 days

Median time from receipt of application to clearance: 8 days

Exceptions:	Dept. refuse	3	
	Fail	8	
	Incomplete	1	
	Delay	2	(54 days/61 days—both airport security applicants. Airport requires a security clearance prior to physical exam, but it is conducted after receipt of application.)

City of San Jose Employee Medical Services (Cont.)

APRIL 1980

Total Full-time Applicants: 36

Average time from receipt of application to clearance: 12 days

Median time from receipt of application to clearance: 10 days

Total Part-time Applicants: 37

Average time from receipt of application to clearance: 12 days

Median time from receipt of application to clearance: 9 days

Exceptions:

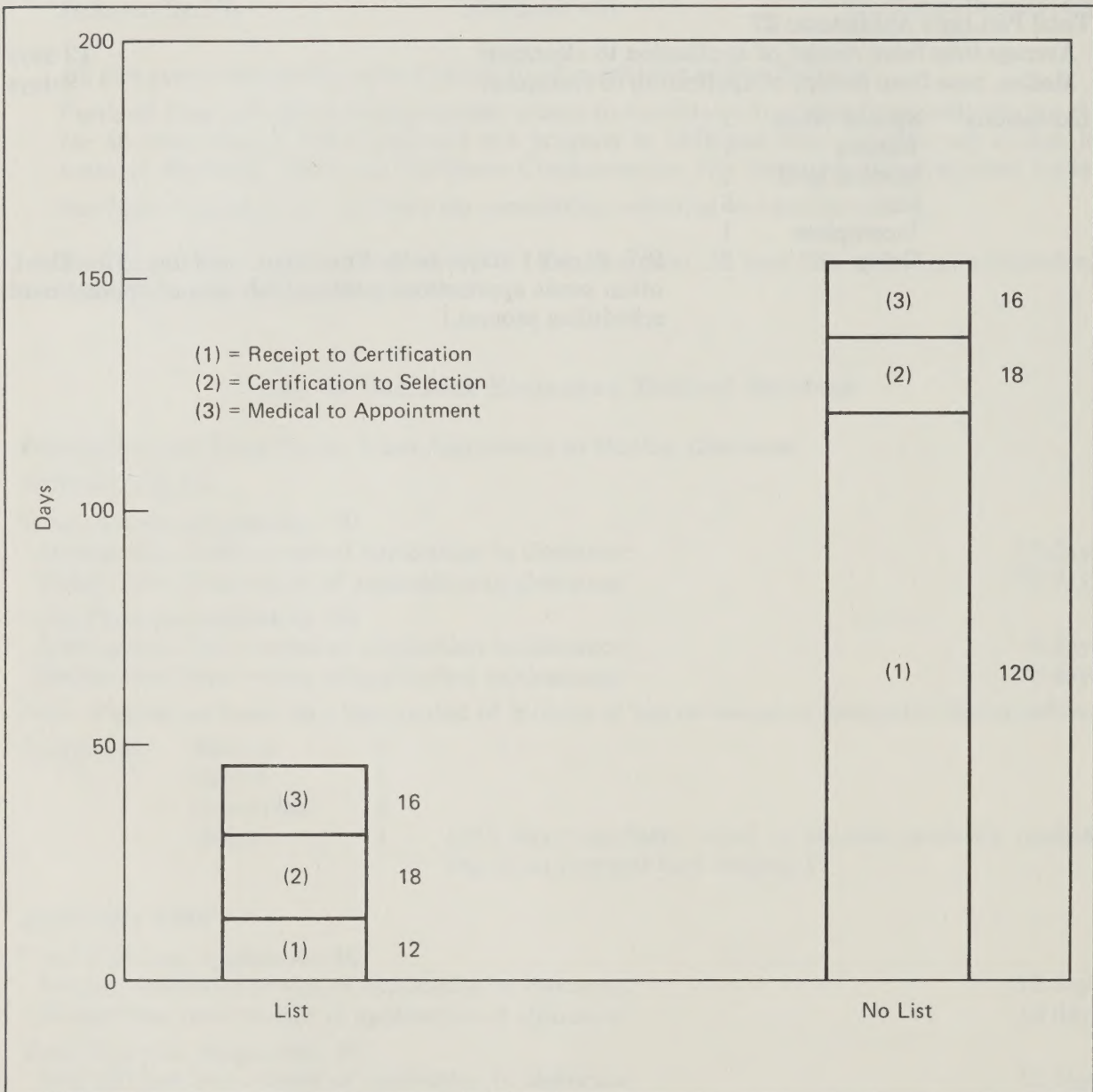
Special rehire	1
Waivers	1
Medical hold	1
Fail	5
Incomplete	1
Delay	2

(57 days/61 days—both Fire Dept. updates. Fire Dept. often sends applications weeks in advance of appointment scheduling process.)

APPENDIX D

Part-time and Seasonal Employees

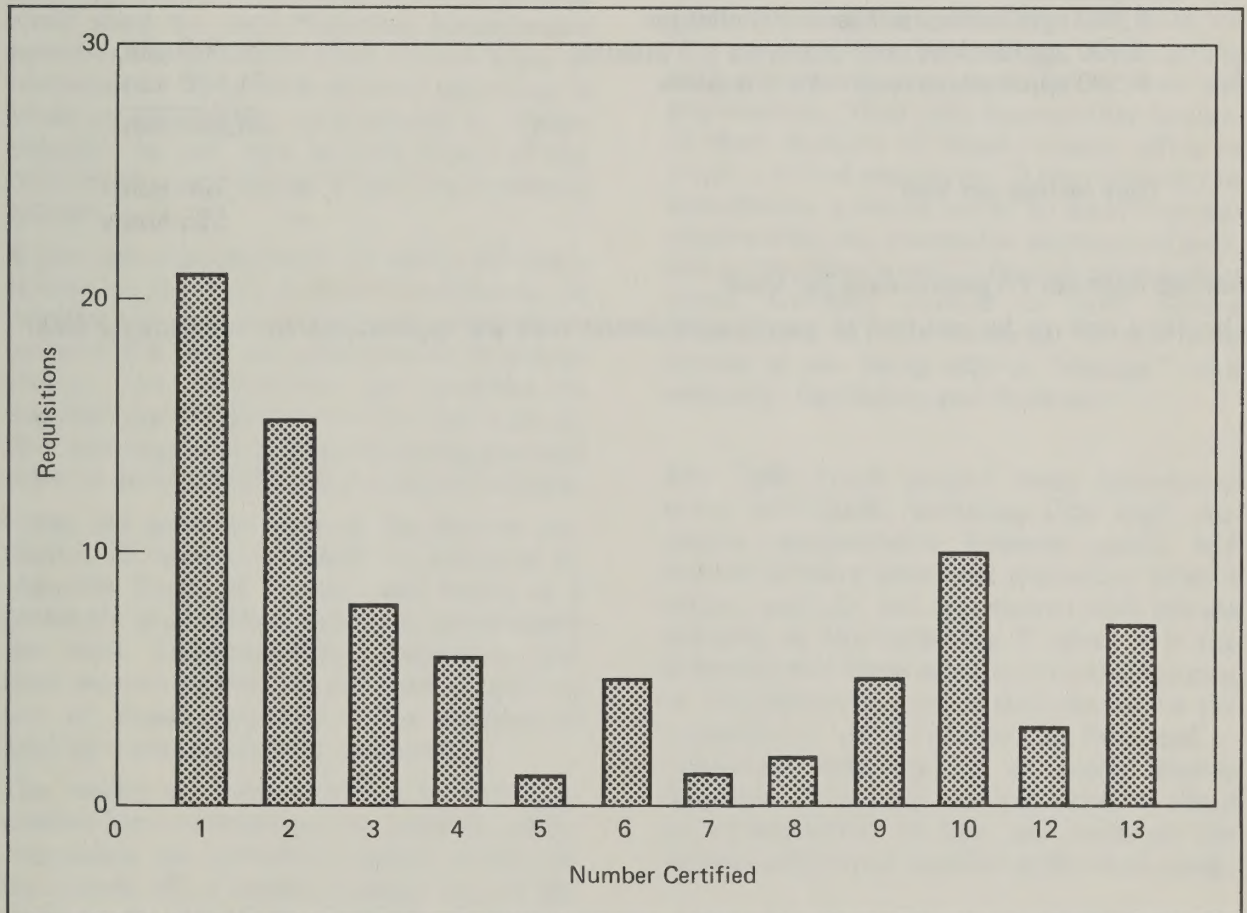
Days from receipt of requisition to appointment (based on sample of 300 requisitions 1979-1980):



APPENDIX E

Waiver of Interview

	Total Requisitions	Total No. Candidates	Candidates Per Requisition
Requisitions	230	1235	5.4
Waived interview	59	200	0.9
Waived appointment	4	4	—
Did not appear	30	90	0.4



APPENDIX F

Administrative Systems

Employment Lobby Procedure

Present

11,340 applications distributed x 5 minutes	= 56,700 min.
6,300 applications received x 5 minutes	= 31,500 min.
	<u>88,200 min.</u>

Proposed

6,340 applications self-serve x 0 minutes	= —
5,000 applications need assistance x 5 minutes	= 25,000 min.
6,300 applications received x 5 minutes	= 31,500 min.
	<u>56,500 min.</u>

Time savings per year

= 31,700 min.
= 528 hours

Savings estimate 1½ person-days per week

One-time cost to be incurred to purchase/construct rack for applications/announcements \$800

Civil Service Rules Review

Present Environment

The City's Civil Service rules have evolved over a period of years, and in many cases have been designed to provide extensive protection to the applicant and to the employees. While the intent of most of the rules is meritorious, there are ways in which a more simple process could meet the same objective. Management perceives many of the Civil Service rules as obstacles to good management practices, a situation which their counterparts in private industry do not have to face. Some of the rules result in significantly delaying personnel actions.

A key and valuable factor in the Civil Service system is the Civil Service Commission. It supplies a neutral ground to resolve differences between the City and employees or employee groups. The Commission also provides an important review process for the City Council, thus relieving them of time-consuming hearings prior to the Council's vote on a particular issue.

From the point of view of the average employee, its value is primarily in acting as an objective Board of Appeal, and hence as a protector of individual and group rights under the rules. Understandably, employees and their representatives are reluctant to give up any of those safeguards unless replaced in kind by contractual union agreements.

The avenue of appeal provided by the Commission has no counterpart in industry, where complaints are normally settled within the framework of a union contract or, in the absence of a union, by administrative review at successively higher levels up to the top authority—i.e., the company president. Appeals beyond that level would have to be taken to the courts or to a government agency such as the state or federal Departments of Labor.

The problem develops when the rules *specifically involve* the Commission in reviews of matters which industry would regard as administrative and routine—e.g., job classification changes and performance evaluations. The result is often delay, uncertainty, and management frustration. This Committee sees its primary responsibility as looking at the

rules to determine where unnecessary procedural steps can be avoided or where industry does it better—i.e., more efficiently, more economically, or both.

The concern of City management, as voiced by the heads of many departments, is that the slowness and inflexibility of hiring and firing caused by certain of the rules puts the City at a serious disadvantage in competing with private industry for skilled workers and professionals. They cite, among other factors: 1) their inability to make counter offers to retain a valued employee; 2) their inability to demonstrate a career ladder to ambitious employees with any reasonable assurance of progress to the upper levels; 3) the lack of incentives which formerly existed in Civil Service (Proposition 13); and above all, 4) their frustration at not being able to “manage” with authority, flexibility, and discretion.

The Task Force project team interviewed many individuals, including City staff, employee representative business agents, and private industry personnel specialists. After a review, analysis, and comparison with private industry of the following 9 rules, it is the judgment that these represent items pertaining to administrative actions that should be the responsibility of the Director of Personnel or appointing authority. In so doing, greater timeliness, efficiency, and effectiveness could be accomplished to hire and maintain the talented employees the City of San Jose needs.

3.04.560 — Appeals on Position Classifications

Facts

Any employee may appeal to the Civil Service Commission actions which affect his/her classification.

Proposed action cannot be taken until the Commission has ruled on the appeal.

Since an employee has 10 days to file an appeal, and the Civil Service Commission meets one day per month, classification actions can be delayed by 30 to 40 days or more, contributing to poor employee morale and delays in filling positions.

190 appeals to the Commission have occurred in the past 10 months, largely as a result of the Hay Study (See Appendix B). There are no figures readily available for prior periods.

Comparison to Private Industry

In private industry, while an appeal can be made on any personnel decision, such appeals are handled expeditiously by management and are not referred to an outside agency such as the Civil Service Commission.

In private industry, this kind of appeal or action seldom goes outside of the personnel department. The personnel department usually has individuals or a department with the necessary expertise to properly classify and resolve these problems.

Recommendation

Eliminate the avenue of appeal to the Commission. Resolve such cases within the personnel department and/or the appointing authority as appropriate.

Benefits

Reduce delays in classification actions by as much as 30 to 40 days.

- Improves employee morale due to faster response.

Improve the ability of the personnel manager to respond rapidly to the needs of the City in filling positions.

Would tend to improve consistency of decisions.

Would improve employee's perception of the personnel department and managers as competent professionals.

3.04.630 "B" — Examination Announcements

Facts

Requires 12 days' posting notice for rescheduled examinations.

Slows up hiring or promotional process by a minimum of five days because of additional posting requirements.

Approximately 21 rescheduled examinations occurred during FY 1979-80 out of approximately 110 scheduled examinations.

Regardless of examination date, only one notice is mailed to the applicant. As a matter of policy, such notice would be mailed at least

one week in advance of the examination date. (See example, Appendix C.)

Comparison to Private Industry

In private industry, before the selection process takes place, openings are usually job-posted for one week. This is generally accepted as providing sufficient time for all qualified candidates to submit applications.

If tests are given, they are normally given at the time of interview, along with the interview.

Generally there is no direct comparability between private industry and Civil Service.

Recommendation

Recommend that in the event of a change in the examination date, the 12-day posting requirement be eliminated, and include in the procedural manual of the Personnel Department that written or verbal notice of a change be given or mailed out to all applicants at least seven days prior to the new examination date.

Benefits

Eliminates a minimum of five days' delay in hiring and promotions.

Would eliminate the time and cost associated with reposting.

Rule would be consistent with normal administrative practice, which is to notify applicants by mail at least seven days prior to the examination date.

3.04.670 — Scoring Examinations — Qualifying Scores (Pass Points)

Facts

Except for promotional examinations for positions in the Police and Fire Departments, minimum acceptable score on written examination may be adjusted at the discretion of Personnel, based on the difficulty of the examination, the degree of competition, and the needs of the service.

Small lists caused by small numbers passing are used up too fast, causing costly additional examination administrations (see Appendix A).

Small lists are often exhausted before Personnel can establish new ones, resulting in waits to fill vacancies. (See example, Appendix F.)

Management's choices in the selection of employees to be promoted are often limited by

the small numbers; management's opportunities for making affirmative action progress are often limited or negated.

Morale in the ranks is damaged when large numbers of capable employees are judged "not qualified for promotion."

Federal Testing Guidelines and professional psychological standards require job-related pass points, not arbitrary ones.

Comparison to Private Industry

There is no comparability in private industry; scores are arrived at in the same manner for all applicants.

Recommendation

Eliminate the exception for Police and Fire Departments, permitting determination of pass points in accordance with federally recognized testing criteria, as is the case with other City departments.

Benefits

Save *time* and *money* by providing longer lists and fewer examinations.

Eliminate the delay caused by having too few names on the list to be certified as eligible.

Would standardize scoring procedures among all departments, thereby providing equal opportunity for applicants in all classifications.

3.04.690 — Notice of Written Examination Results and Review of Examination Papers

Facts

Under Section "D" of Rule 690, candidates are prohibited from reviewing answers of continuous examinations; no such prohibition exists for standardized examinations.

Candidates are able to memorize questions and answers for future examinations and use them to their own or other's advantage.

Comparison to Private Industry

No Comparison.

Recommendation

Under paragraph "D" of Civil Service Rule 690 add, "*or any standardized examination.*" (This would prohibit candidates from reviewing answers to standardized examinations.)

Benefit

Preserves the integrity of a proven examination, thereby permitting continuous use of the same examination and minimizing the need, time, and cost associated with writing new examinations each time one is required.

3.04.710 — Seniority Credit

($\frac{1}{2}$ point per year of service)

Facts

The Commission *may establish* seniority credit for past City service in promotional examinations.

The Commission *has established* $\frac{1}{2}$ point per year of service.

This is a deterrent to affirmative action, since it perpetuates a situation that affirmative action is supposed to correct, inasmuch as protected classes historically do not have long tenure with the City.

Seniority credit does affect the ranking of candidates on promotional lists. (See Appendix E.)

Industry uses seniority to determine best qualified only if merit factors are equal.

On some examinations, seniority credit may become the primary determiner of one's standing on the list.

Experience (rather than seniority) is integrated in any *valid* examination.

Comparison to Private Industry

Private industry feels that it is more important to have the better qualified candidate as opposed to the one who has been there the longest. Industry also gives substantial credit for self-development efforts.

Recommendations

Delete 3.04.710 from the Civil Service Rules.

Ensure that knowledge of the job is a significant factor in examinations.

Benefits

Promotion lists will be in order of merit determined by valid examinations which reflect knowledge by experience and not by seniority.

The use of seniority credit adds a non-job-related factor to the selection process, since longevity is not necessarily related to merit and fitness.

3.04.770/780 — Open Competitive Eligible List — Promotion Eligible List

Facts

The rules provide that the Commission may extend the open competitive eligible list a maximum of four years and the promotion eligible list a maximum of three years.

Extending lists saves money by reducing the number and frequency of examinations. In the past year, the Personnel Department established approximately 15 promotional lists. Examinations can cost thousands of dollars to prepare and administer. (Appendix A.)

Extending a list forces applicants and/or employees to wait up to three or four years before they can compete for eligibility on a new list.

The Personnel Department, before requesting an extension for a list, verifies that the list is viable. (Appendix D.)

The present rules unnecessarily involve the Commission in routine administration.

Comparison to Private Industry

Private industry does not use this type eligibility list. Industry has generally two separate sources of candidates for promotion. The personnel information is frequently on a computer base and is usually listed monthly by job family, length of time in position, performance level, seniority, etc.

When industry looks for a candidate for promotion, it reviews the current progression list as well as applicants who have requested consideration. In addition to the company-prepared list, industry gives the employees the opportunity to submit job and career goals, mobility limitations, etc. This system is typically processed manually and kept up to date on a semi-annual to annual basis. Candidates who indicate an interest in a particular opening are given consideration.

Industry makes a job offer to the best qualified candidate. The only eligibility required is that the person have either experience or potential in that job family and in most cases they must be on their present job for a minimum of six months to one year, depending upon the level of that job.

Recommendation

Delete review by the Commission. Authorize the Director to extend lists at his discretion in six-month increments to the maximum presently authorized by the Commission.

Benefit

Removes a purely administrative task from the Commission's jurisdiction.

3.04.940 D-E — Selective Certification from Open Competitive Eligible List

Facts

The rule requires the Director to give 10 days' notice of intent to employee organizations prior to certification and to report results quarterly to the City Council for their review.

The 10-day notice requirement can delay filling critical positions.

The quarterly reports have not been submitted to the City Council.

During the last quarter, 44 people were selectively certified. The majority of these were for bi-lingual positions.

Whenever the selective certification process is used, all applicants on the eligibility list are notified and given the opportunity to be tested for the position.

Comparison to Private Industry

Industry does not generally use this type system. Special skills or requirements are posted when the opening occurs. Any time industry must go outside of the company to hire an employee, they require that EDD (Employment Development Department) be notified of job openings. EDD is supplied with a list of position specifications for all positions, including special requirements. EDD requires 48 hours in which to respond. If they do not respond, the position can be filled from whatever other source is available. If they do respond, the only obligation to them is to include their candidates in the candidate pool and select the most qualified candidate. It is the opinion of the Task Force that it is too restrictive to require a specific notice to all other departments. Job posting within other departments is generally utilized only when there is no candidate within the unit that has the opening. Job descriptions are typically

reviewed at least annually to determine that all job requirements are valid.

Recommendation

3.04.940 D — Delete the 10 day notice requirement.

Benefit

3.04.940 D — Eliminates an additional constraint on management and affords the Personnel Department the flexibility to fill a particular position in a timely manner.

Recommendation

3.04.940 E — Eliminate reporting requirement to City Council and establish responsibility within the Personnel Department for review.

Benefit

3.04.940 E — Eliminates time and cost to prepare a special report and appropriately places responsibility within the Personnel Department.

3.04.1600 — Medical Examinations

Facts

Rule requires pre-employment medical examinations for all classified employees and periodic medical examinations throughout their years of employment.

The Employment Process report recommends elimination of the requirement for *pre-employment* medical examinations except for the emergency services.

The City has not been administering the prescribed medical examinations following employment except for the emergency services.

In FY 1979-80, 703 recurring physicals were administered. (The City has approximately 4,000 employees.)

Cost of medical examinations ranges from \$35 to \$95 each.

Comparison to Private Industry

The trend in industry is to eliminate medical examinations except for valid job-related reasons. In previous years, prior to affirmative action and age discrimination legislation, pre-employment physicals were common prac-

tice, especially if the applicant was viewed as being in a high risk category such as overweight, over 40 years old, history of heart disease, diabetes, etc.

As a general rule, industry does not provide routine medical examinations for anyone *within* the system other than key individuals in the corporation. There are a number of reasons for not providing routine medical examinations, including affirmative action, possible discriminatory practices, prevention of access to private medical information, violation of personal rights, and the Privacy Act.

Medical examinations are available to employees under the provisions of the Company's group health insurance plans, which are optional with every employee. We should note, however, that the number of examinations required by industry for cause (e.g., exposure to hazardous chemicals) is increasing. As a rule industry does not do psychological testing.

Recommendations

Adopt the Employment Process report recommendation regarding *pre-employment* medical examinations.

Revise Rule 1600 to eliminate post-employment medical examinations for employees except to authorize permissive medicals for emergency services.

Benefits

Remove the City's potential liability resulting from failure to administer *post-employment* medical examinations to all classified employees.

Saves cost of administering unnecessary medical examinations.

3.04.1700 — Service Rating System (Employee Evaluation Report)

Facts

The rule provides for right of appeal of their performance ratings to the Commission by permanent employees who are not satisfied with the decisions of their Department Head and the Director of Personnel.

Performance evaluation is a management responsibility not normally subject to review by an outside body.

There is no record of appeals being referred to the Commission in the past two to three years, according to the synopsis of the Civil Service Commission Meetings.

Comparison to Private Industry

In order to make an objective performance rating, the following criteria are generally used. There are various levels of performance. The lowest states, in effect, that the employee *does not* meet job standards; next, the employee does not meet all major job requirements; next, this employee meets job standards; next level, employee meets and at times exceeds requirements; next level, the employee consistently exceeds requirements; and the top level states the employee consistently far exceeds job requirements.

In order to determine whether or not the individual does, in fact, meet job requirements, each employee completes a performance plan with his or her supervisor. The performance plan is divided into three separate areas. The first section generally states the major job requirements. The second section says what goals or objectives were established with this employee for this review period. The third section states the employee's progress toward his or her goals achieved during the period. In order to be fully effective, the performance plan must be completed at the beginning of a review cycle in order that the employee can

achieve what is expected of him or her in a realistic fashion.

There is generally an established review procedure. For clerical grades, the supervisor prepares the report and the manager or department head concurs. It is then reviewed with the employee. If the employee chooses to appeal, he or she may appeal to the next higher level of authority or to a staff individual within the Personnel Department who is in an advisory capacity. If the appeal goes to the personnel staff, it is their responsibility to see that all facets of the problem have been explored and that an objective decision has been made. It can be discussed with the rater and the department manager and any other line supervisor. Rarely does a performance evaluation reach the appeal stage.

Recommendation

Change Rule 1700D to provide for performance evaluation appeals through management levels to the City Manager or his delegate rather than the Commission.

Benefits

Restores the integrity of management in the area of performance evaluations.

Strengthens the ability of a supervisor to evaluate and manage his personnel.

Project Leader

Elmo Killgore — Bank of America

Project Members

Dana D. Prescott — Beckman Instruments

*Jim O'Brien — Pacific Gas & Electric
Company*

City Coordinator

Fran Galloni — Assistant Director of Personnel

City Staff

*Gene Saalwaechter — Parks and Recreation
Department*

Russ Strausbaugh — Personnel Department

APPENDIX A

Estimated Cost of Constructing 1980 Police Sergeant Exam

Subject matter experts' time in developing items — 5 Police Lts. @ \$20.25/hour (salary and benefits) x 56 hours of meetings + 112 hours of individual writing items =	\$17,010.00
Staff Analyst III time in performing job analysis, editing, advising, coordinating — (\$17.20/hour salary + benefits) x 196 hours (56 meetings, 60 job analysis, 80 editing) =	3,371.20
Typists' time (\$8.25/hour x 80 hours) — typing drafts and revising item bank in word processor =	660.00
Supplies and copying =	200.00
	\$21,241.20

APPENDIX B

Classification Appeals to the Civil Service Commission

Within the last 10 months all Classifications Appeals, both specifications and allocations, were related to the Hay Study.

Specifications: 126 filed with CSC

1 modified

8 denied

116 withdrew

1 other

Allocations: 64 filed with CSC

5 approved

17 denied

36 withdrew

6 referred back/other

APPENDIX C
SENIOR STOCK CLERK (1513)

PROMOTIONAL

PROMOTIONAL

SALARY: \$549.60 — \$576.00 — \$605.60 — \$636.00 — \$667.20 Bi-weekly.

POSITION: Under general supervision, programs work of moderate difficulty and leads others in the receipt, storage, issuance and inventory of City stores items, specialized parts of equipment. Performs related work as required.

QUALIFICATIONS:

1. (a) Current, permanent employment with the City of San Jose; (b) Current temporary employment with the City of San Jose, selected from an eligible list and has been employed full-time for not less than six (6) months consecutively; (c) Current, unclassified employment with the City of San Jose described by subsections (3), (4), or (5) only of the City Charter Section 1101 (a) and has been employed in such status full-time for not less than six (6) months consecutively.
2. Training and Experience: Any combination of training and experience equivalent to one year performing varied stores duties.
3. Possession of a valid California driver's license.
4. Ability to pass a medical examination administered by a City physician prior to appointment.
5. Residence within Santa Clara County or radius of 30 statute miles from First and Santa Clara Streets, San Jose, within one year after appointment.

NOTE: Unless otherwise specified, applicants must possess all qualifications and verify all documents by the final filing date of this examination.

APPLICATION: Apply: Employment Office, Room 207, City Hall, 801 N. First Street, San Jose, California 95110. **FINAL FILING DATE:** FRIDAY, NOVEMBER 7, 1980.
(Applications must be received by 5:00 p.m. on that date.)

EXAMINATION: The examination will be weighted 100% Oral.

SENIORITY CREDITS: Seniority credit for 1/2 point per year of service in the City of San Jose will be added to the scores of those successfully passing the examination. Time lost due to suspension, layoff or leave without pay (except for authorized military leave) will be deducted from total service time for seniority credits. Time spent in the City of San Jose prior to a resignation may be used for qualifying experience but will not be counted for seniority credits.

EXAM MAY TEST FOR:

Knowledge of stock keeping, taking of inventories, and necessary documentation.
Knowledge of city purchasing and requisition procedures.
Knowledge of a wide range of commodities stored by the City including specialized stores, equipment and tools.
Knowledge of sources for specialized materials.
Ability to lead other employees in work.
Ability to keep records and accounts accurately.
Ability to lift and carry moderately heavy and bulky items.
Ability to operate a variety of trucks, lifts and specialized equipment.

EXAM DATE: Notification of examination date and time will be mailed at least one week prior to the examination. However, because we cannot guarantee postal delivery, it is important that you call (408) 277-4204 *prior* to the following examination date if you do not receive a notice. All applicants, including City employees, must notify the Employment Office in the event of a change of address during any phase of an examination process.

ORAL EXAMINATION: Tentatively scheduled for November 20 and 21, 1980.

SENIOR STOCK CLERK (1513)

10/16/80
EN:gg:521:80

APPENDIX D

To: Civil Service Commission

From: Robert L. Farnquist
Director of Personnel

Subject: Criteria for Extension of Eligible Lists

Date: January 23, 1980

Approved:

Date:

BACKGROUND

Eligible lists for the City of San Jose are established for a minimum period of six months in the case of open examinations and for two years in the case of promotional examinations. The Civil Service Commission, at the request of the Director of Personnel, may extend the existence of either type of list up to a period of three years (C.S. Rules, sec. 2006.2 and 2006.3), and entrance lists to a period of four years. As requested, this memo describes the criteria used by the Personnel staff in determining whether or not a particular list should be extended or allowed to expire.

DISCUSSION

The following factors are considered prior to recommending that a given eligible list be extended for an additional time period:

1. *Adequate Candidate Exposure on Open Lists*

Generally, to insure that candidates are allowed a genuine chance for consideration and that tests are used in a cost-effective manner, open eligible lists are automatically extended for at least six months, thus guaranteeing one full year of existence.

2. *User Feedback*

Officials in affected City departments are consulted about their experiences in using the list, including an evaluation of the general quality of the list, as inferred from the performance of employees selected and candidates interviewed from the list.

3. *Projected Needs*

The number of projected vacancies in the class over the next six months to one year is estimated. This figure is compared with the number of names remaining on the list. Other things being equal, it is usually advisable to extend a list so that names are readily available to expedite the staffing of vacancies.

4. *Affirmative Action*

In conforming to the City's Affirmative Action Plan, lists are evaluated for the number of minority, female, and handicapped candidates included. Where a list is deficient in "protected group" candidates, and the corresponding class is also underrepresented, it is advisable not to extend the list, but rather to recruit again for that class.

5. *Exam Costs and Staff Availability*

The size of the testing staff, the number of other examinations scheduled, and the costs of administering a particular exam all affect the number of examinations that can be given. Occasionally, these variables will necessitate extending a list rather than producing a new one.

6. *Special Class Problems*

For classes where turnover is especially high, where there tends to be a high drop-off rate of applicants from the list, where the labor market is rapidly changing or highly competitive, where there are some hard-to-fill vacancies, or where a number of candidates tend to be disqualified through medical or background checks, it is advisable to maintain a larger number of eligibles and thus to extend lists.

It is important to note that any one of the above conditions may warrant a list being extended and that the relative importance of these conditions varies widely in different situations and for different classes.

Robert L. Farnquist
Director of Personnel

RLF:FG:ak

APPENDIX E

(Prepared by Personnel Dept.
11/24/80)

Seniority Credit

A sample of promotional examinations:

Title	No. on List	Seniority Range	Comments
Admin. Analyst II	4	0-2.52	Little difference
Battalion Chief	4	2.56-4.92	Rank change
Eng. Tech. III	18	0-5.69	Only 1 candidate would drop lower than 10
Equip. Maint. Sup	12	1.42-9.19	3-4 would go to end of list
Fire Capt.	55	2.44-8.06	Some variance in rank, only one or two major changes
Ground worker II	28	0-2.81	No change
Plant Equip. Sup	4	3.92-7.79	Slight rank change
Police Rec. Clk. II	17	0.29-1.69	No change
Police Sergeant	99	2.00-7.06	Some variance in rank, only one or two major changes
Principal C.E.	12	1.77-10.58	2 or 3 rank shifts
P.W. Gen Sup.	19	1.73-12.10	1 or 2 drop from top 10
Sr. Airport Sec. Off.	12	0.73-8.60	1 drops below 10
Sr. Eq. Main. Ser. Wrk.	7	0.20-5.73	Slight change in rank
Sr. Diesel Eq. Mech.	3	4.69-6.48	Rank change
Sr. Plt. Eq. Mech.	8	1.67-7.67	Slight rank change
Sr. Police Rec. Clk.	3	3.58-5.23	Rank change
Sr. Stock Clerk	7	0.38-5.83	Rank change
Legal Sec. II	12	0.67-8.15	1 drop out of 10
Pers. Analyst III	9	0.02-3.31	No change

APPENDIX F

(Personnel Dept. Data)

Passing Rates: Fire and Police Promotional Exam

Note: Promotional lists were established for a 2 year period; as of 1978, they may be extended for a third year.

Exam Date	No. Took	No. Passed	% Passing	Net Effect of Insufficient Numbers on Lists
Fire Engineer				
10-21-72	88	40	45.4%	Two extra administrations in time period. Dept. waited several months for lists in 1975, 1980.
10-13-73	55	38	69.1%	
10-12-74	18	9	50.0%	
6-28-75	66	45	68.2%	
10-04-76	55	38	69.1%	
1977	Fire Dept. consolidated with part of County Dept. resulting in overstaffing + quota on promotions.			
2-29-80	42	25	59.5%	
Fire Prevention Inspector				
4-08-72	51	10	19.6%	Two extra administrations in time period.
6-16-73	27	20	74.1%	
10-01-74	44	NA	—	
2-07-75	46	10	21.7%	
10-16-76	58	19	32.8%	
1977	Consolidation			
1979	Class changed			
Fire Captain				
4-06-70	126	31	24.6%	One or two extra administrations in time period.
3-24-73	124	104	83.9%	
8-16-75	124	45	36.3%	
1977	Consolidation			
4-25-78	149	10	6.7%	Department typically waits 3-4 months for a list; it waited 8 months in 79-80.
2-06-80	126	65	51.6%	
Battalion Chief				
4-02-66	36	16	44.4%	
9-14-68	35	17	48.6%	
10-31-70	46	38	82.6%	
12-08-73	45	25	55.6%	
3-20-76	41	17	41.5%	
1977	Consolidation			
12-16-78	48	4	8.3%	Dept. waited for list in 1978.
1979	Court case involving consolidation quota.			

Passing Rates: Fire and Police Promotional Exam (Cont.)

Exam Date	No. Took	No. Passed	% Passing	Net Effect of Insufficient Numbers on Lists
Police Sergeant				
4-22-67	90	37	41.1%	Dept. waited for list for 15 months in 1980, several months in 1977 and 1975.
4-12-69	117	69	61.6%	
6-12-71	141	80	56.7%	
10-20-73	185	64	34.6%	Court suit cancelled exam.
12-09-75	229	49	21.4%	
4-02-77	283	24	8.5%	
4-25-80	220	101	45.9%	
Police Lt.				
5-03-69	56	38	67.9%	The current list ran out 3-80 so the Dept. will be waiting 15 months, until 6-81 for the next list.
7-17-71	73	59	80.8%	
1-19-74	87	76	87.4%	
1-28-78	118	21	17.8%	



VEHICLE MANAGEMENT

Organizational Structure

Environment

The Vehicle Maintenance Division's organizational structure is primarily separated into three distinct areas: An administration section, a preventive maintenance section, and a repair section. The following identifies the primary functions of each section:

Administration

An Equipment Maintenance Superintendent is the individual directly responsible for the line and staff functions associated with the City's vehicle maintenance operation.

The administrative office force associated with this operation consists of 9.5 people, including the Equipment Maintenance Superintendent. This force is responsible for writing specifications for vehicle purchases, new vehicle inspections, fleet licensing, budget preparation and tracking, and the processing of all reports associated with the vehicle operation. They also process all input to MAINSTEM, which is the fleet management system presently used.

Preventive Maintenance

Two types of preventive maintenance are performed on the City's rolling stock to improve its performance and longevity. Type "A" maintenance consists of engine oil and oil filter changes, chassis lubrication and inspection, and minor adjustments to the vehicles' electrical, mechanical and hydraulic systems. Type "B" maintenance includes all of these services, plus engine tuning, repacking wheel bearings, and adjusting brakes and clutch. A specific time or mileage criteria has been established for each type of service: Type "A" is 3,000 miles or 90 days, and Type "B" is 18,000 miles or 18 months.

One Preventive Maintenance Supervisor is responsible for all preventive maintenance inspections performed on the City fleet. He is also responsible for all maintenance and repair on motorcycles. He has 40 people reporting to him. The following identifies the number and job classification of each:

- 2 Equipment Servicing Supervisors
- 11 Senior Equipment Service Workers
- 22 Equipment Service Workers

4 Wash Station Attendants

1 Motorcycle Service Specialist

All the individuals listed above are non-management employees, with the exception of the 2 Equipment Servicing Supervisors. During the month of April, two Senior Equipment Service Workers were reclassified as Equipment Servicing Supervisors. This was done to provide an interim level of supervision which would relieve the Preventive Maintenance Supervisor to some degree of his multiple responsibilities.

The personnel involved in the preventive maintenance operation work in five different locations: 1) The Municipal Garage, 2) The Main Yard, 3) The South Yard, 4) The West Yard, and 5) The Mabury Yard. This group also works on three different shifts — days, swing, and graveyard.

The job descriptions for personnel involved in this area are very specific concerning what functions they can perform. They are primarily responsible for oil changes, lubrication and inspection. Once they determine a vehicle needs to be repaired, it is sent to the repair section. The Service Workers have no progression path to go from their classification to an Equipment Mechanic position. There are no provisions on the job, such as an apprentice program where they can learn and qualify as future mechanics.

Repair Section

The repair operation is separated into three distinct functions, each having their own supervisor: 1) The Light Equipment Repair Section, 2) Heavy Equipment Repair Section, and 3) The Fabrication/Sweeper Repair Section.

1. Light Equipment Repair Section

The light equipment repair section is responsible for the repairs to all vehicles one-half ton and under. There are approximately 700 vehicles, including police units, passenger cars, and some work vehicles. The light equipment shop is located in the Main Yard.

The shop is staffed with 8 Equipment Mechanics who report to an Equipment

Maintenance Supervisor. All mechanics work a day shift. One mechanic works both Saturday and Sunday and has his scheduled days off during the week. The parts which are available to this mechanic working the weekend are very limited.

One stall is available in the Municipal Garage and one Light Equipment Mechanic is assigned to this location. The Municipal Garage is the parking facility for all Police units.

Only a limited number of Police vehicles are able to be serviced at this location. The majority of the Police vehicles must be taken to the Main Yard for repairs.

All light equipment located in other yards that require repairs must also be taken to the Main Yard.

2. Heavy Equipment Repair Section

The heavy equipment repair section is responsible for the repairs to all vehicles three-quarter ton and above. There are approximately 450 vehicles. Many of these are specialized pieces of equipment such as aerial units, dump trucks, etc. that require special training to work on them. The heavy equipment shop and parts room is located in the Main Yard, separate from the light repair shop, and six mechanics are authorized to work at this location.

One mechanic is assigned to the West Yard, while two additional mechanics work at the South Yard. All personnel work a day shift and report to one Equipment Maintenance Supervisor.

3. Fabrication/Sweeper Repair Section

The fabrication/sweeper repair section is responsible for repairs to a variety of industrial equipment, such as sweepers, generators, pumps, etc. required by the City in connection with its daily operation. Four Equipment Mechanics work in this shop and are responsible for the necessary repairs to approximately 205 pieces of equipment.

Body and fender work, various welding services, and the construction of equipment peculiar to municipal operations are also provided. Two Machinists, three Metal

Workers, and one Maintenance Worker are assigned to the fabrication shop. All personnel in this section report to an Equipment Maintenance Supervisor. All employees work a day shift except one individual who works evenings.

Table 1 provides a summary of the various classifications of personnel associated with the maintenance and repair sections, the locations to which they are assigned, and the shift the employees work.

There are two parts rooms located in the Main Yard. One for the Light maintenance shop and one for the Heavy maintenance shop. Some items of stock are duplicated because of necessity, and other items required by both shops are only stocked by one of the parts rooms.

Both of the parts rooms are located inside the garage facility and all of the parts employees report to the Warehouse Supervisor. They do not report to personnel associated with the Vehicle Maintenance Division.

Evaluation

Initially the Task Force had some concerns about the separation of the Light and Heavy functions. It was seen as a duplication of shop supervision and a specialization of mechanics. After investigating the numbers of units, specialization of the Police vehicle fleet, and available garage space, it was agreed that some divisions were required.

Interesting to note is that when two other cities were visited, it was found that the City of Phoenix's main shop was divided between light and heavy and their four outlying shops were not. San Diego's shops are not separated, but they have an entirely different department responsible for their Police vehicles.

Duplication of supervisory effort is present in the South, West and Municipal Garages. There are two different supervisors who have to travel to each of the yards to supervise because of the present reporting structure. The light mechanics report to one supervisor, the heavy mechanics to a second and the service workers to still a third. The Task Force is concerned about the amount of travel time necessary for the supervisors to visit the outlying garages. There is also some concern about the effectiveness of the supervision

Table 1

Main Yard

Heavy Equipment Mechanics	10	Days
Light Equipment Mechanics	8	Days
Service Workers	8	6 Days and 2 Swing
Wash Station Attendant	1	Days
Maintenance Worker	1	Days
Machinists	2	Days
Metal Workers	3	Days
Total	33	

South Yard

Heavy Equipment Mechanics	2	Days
Service Workers	2	1 Days and 1 Swing
Total	4	

West Yard

Heavy Equipment Mechanic	1	Days
Service Worker	1	Days
Wash Station Attendant	1	Days
Total	3	

Municipal Yard

Light Equipment Mechanic	1	Days
Service Workers	24	8 Days — 8 Swing — 8 Graveyard
Wash Station Attendant	2	1 Days and 1 Swing
Total	27	

Mabury Yard

Service Worker	1	Days
Total	1	

because it is remote and infrequent, as compared to the supervision in the Main Yard.

There is also concern about the inefficient use of personnel through the specialization of some of their jobs. The present structure is not conducive to the most effective use of the manpower resource.

For example, there are heavy equipment mechanics working in the outlying yards who do not work on light vehicles, even though they are located in the same yard. There are heavy equipment mechanics working on sweepers, apart from the other heavy equipment mechanics. It is believed a more even and prioritized work flow could be accomplished if the heavy mechanics were all together under one supervisor.

Another example is where the service workers are only responsible to the preventive maintenance section. With the present structure, their duties and responsibilities do not afford them the opportunity to work alongside the mechanics to help them and to pick up on the skills required to progress into a mechanic's classification.

The lack of an apprenticeship program for these service workers makes it necessary for the City to hire mechanics off the street to fill vacancies. Most off-the-street mechanics have not been exposed to all of the sophisticated equipment the City operates and therefore cannot work as productively as desired.

Two problems exist because all of the mechanics work the day shift. First is the physical

lack of space in the garages to accommodate all mechanics on the same shift. The second is the increased downtime on vehicles and equipment for service or repair.

Throughout discussion with both the vehicle maintenance and user departments, there seems to be general acceptance of the vast amount of downtime on vehicles. Approximately 9.5 hours per vehicle per month (12,010 average hours per month). These figures were taken from an eight month recap of the MAINSTEM report, July through February, 1979-1980.

It would appear that much less downtime would be required if there was a maintenance crew working after the vehicles were all in at night. Both Phoenix and San Diego operate night shifts.

The concerns with having individual Light and Heavy parts rooms are the duplication of people, space requirements, and some items of stock.

The duplication of items of stock is minimal. However, in an attempt to eliminate duplication, some items used by both shops are only stocked in one parts room. This necessitates the mechanics walking approximately 120 yards to the other parts room. This occurs approximately 260 times per year.

Square footage is a premium in all phases of the Vehicle Maintenance Department. Having two parts rooms located in the same maintenance yard seems to be a misuse of this premium.

The people required to operate two parts rooms duplicate some of the responsibilities and efforts. In a dual concept, there tend to be positions filled which do not warrant a full person, but still the job has to be done. For example, the stock clerk in the heavy parts room can't really be kept busy stocking the shelves in the one parts room, so he will sometimes go to the other light parts room and help out there, or the parts runners have no parts pickups or deliveries so they sit and wait for the next time they are needed.

Another concern in the existing organizational structure is that the people in the parts rooms are a part of the warehouse function and not of Vehicle Maintenance.

Some problems exist now because the Vehicle Maintenance section believes more items

should be stocked and the warehouse people are advocates of having the vendors do the stocking.

The Task Force believes that with an increased stock of parts, downtime on vehicles would be reduced.

Recommendations

The ultimate consideration regarding any separation of the light and heavy vehicles would be to completely separate the Police vehicle operation from the Main Yard. The Municipal Garage, because of its uniqueness could be self-sufficient with its own equipment maintenance supervisor.

Along with this ultimate approach, the remainder of the light vehicles could be combined with the heavy into one operation.

Because of capital investment necessary to have the Municipal Garage independent, the ultimate may not be possible.

A more practical approach using the available facilities would be to consolidate the light, heavy and preventive maintenance operations in the South and West Yards. Some type of lead or master mechanic rate should be developed in each yard. This person would be responsible for the entire yard's vehicle maintenance operation. The reporting relationship could be to either of the equipment maintenance supervisors or directly to the equipment maintenance superintendent.

There is a proposal for the City to prepare their own Police vehicles for service. This is proposed to be done in the West Yard. If this materializes, a management supervisor at that location could oversee the entire vehicle maintenance operation and report to the superintendent. That would leave only the South Yard master mechanic or lead man reporting relationship left to be worked out.

The service workers at the Main Yard should be divided into the Light and Heavy Shops and should answer to the respective equipment maintenance supervisor.

The service workers could rotate from the Light to the Heavy shops on a scheduled basis for exposure to all types of vehicles.

It is further recommended that the Preventive Maintenance Supervisor be permanently assigned to the Municipal Garage and oversee all

the service workers, wash station attendants and the one equipment mechanic at that facility. Evening shifts should be established to where the majority of the mechanics work force is working after the vehicles are in the yard. This would relieve the congested stall space and also reduce the vehicle downtime considerably.

Also recommended is to consolidate the equipment mechanics in the Sweeper Shop into the Heavy repair group.

With only the machine and fabrication shops left in this section, the equipment maintenance supervisor's position could be eliminated and one of the remaining six employees could become a lead man to oversee the operation.

A breakdown of the present and proposed relationships is shown in Table 2.

It is recommended that an apprentice program be set up and administered by the Vehicle Maintenance group. There is already an apprentice classification chartered, which would make initial startup easier.

The two parts rooms in the Main Yard should be combined and located at the north end of the Light Shop in one of the unfinished stalls. This was proposed by the City a year or so ago.

Another recommendation is being made in another part of the study that proposes to move the Heavy Shop into the unfinished stalls at the end of the Light Shop. This would then put the consolidated parts room in between the Light and Heavy operations.

It is recommended that the people in the parts rooms report to the Vehicle Maintenance section rather than to the Warehouse. A staff relationship between the Warehouse function and the parts room should be established at the same time. This would provide the necessary checks and balances and would ensure adherence to the City's purchasing policies.

Benefits

Consolidation of the Light and Heavy repairs in the South and West Yards would allow the garages to operate somewhat independent and they would become more efficient with respect to taking care of the user's vehicle requirements.

If all light vehicles in the West Yard (about 22), and in the South Yard (about 23) were worked

on in their respective yards, this would eliminate the need to transport them into the Main Yard, saving an estimated \$5,000 annually in labor and gasoline.

Permanently assigning the Preventive Maintenance Supervisor to the Municipal Garage will reduce his span of control to a more manageable level, from 40 to 27 people.

With the service workers in the Main Yard reporting to the Light and Heavy Supervisors, they will be more efficiently utilized. Their responsibilities should be expanded so all service workers do preventive maintenance work, tire work, help mechanics on the floor and chase parts if needed.

The benefit of having the service workers, wash station attendants and mechanics all answering to one person in their respective yard not only will increase the efficient use of manpower, but it will also eliminate the necessity for all the supervisors to make periodic trips from the Main Yard. This would save approximately \$6,100 per year in travel time, supervision time and fuel costs. To be reduced from this savings would be the increased cost of a lead man or master mechanic rate at the South Yard, approximately \$1,000 a year.

Transferring the four equipment mechanics from the Sweeper repair function to the Heavy repair shop would increase the utilization of all heavy mechanics. If further study indicated that one of the remaining six people in the Fabrication/Sweeper section could be a lead type supervisor, an additional \$19,700 could be saved annually by eliminating one supervisor's position. Developing second shifts would eliminate the congested space problem in the Light and Heavy garages. It would also substantially reduce the vehicle downtime during the day to where the user departments would schedule their work and manpower more efficiently. Better utilization of equipment to the point of being able to turn in some of their spare vehicles would also result.

If night shifts were established to where most of the servicing and repair was done by a larger night shift, it could be expected that close to 50% of the downtime could be eliminated.

As a figure to start with, assuming that the average 12,010 hours of monthly downtime was reduced by only 25%, that would be the

Table 2

	Present	Proposed
Preventive Maintenance Supervisor		
Service Workers — Main Yard (one on lube truck)	8	0
Wash Station Attendant — Main Yard	1	0
Service Workers — South Yard	2	0
Service Workers — West Yard	1	0
Wash Station Attendant — West Yard	1	0
Service Worker — Mabury Yard	1	0
Service Workers — Municipal Garage	24	24
Wash Station Attendant — Municipal Garage	2	2
Equipment Mechanic (light) — Municipal Garage	0	1
Total	40	27
Equipment Maintenance Supervisor (Heavy Shop)		
Equipment Mechanic (heavy shop) — Main Yard	6	6
Service Workers — Main Yard	0	4
Equipment Mechanics — West Yard	1	0
Equipment Mechanics — South Yard		
(One to be a lead man or master mechanic)	2	2
Service Workers — South Yard	0	2
Equipment Mechanics from Sweeper Repair Shop	0	4
Total	9	18
Equipment Maintenance Supervisor (Light Shop)		
Equipment Mechanics — Main Yard	8	8
Equipment Mechanics — Municipal Garage	1	0
Service Workers — Main Yard	0	3
Total	9	11
Equipment Maintenance Supervisor/ Fabrication and Sweeper Repair		
Equipment Mechanics	4	0
Machinist	2	2
Metal Workers	3	3
Maintenance Worker	1	1
Total	10	6
New Supervisor (Preparation of Police Vehicles in West Yard)		
Equipment Mechanics and Service Workers for Preparation of Police Vehicles	0	?
Equipment Mechanics — West Yard	0	1
Service Workers — West Yard	0	1
Wash Station Attendant — West Yard	0	1
Total	0	3+
Equipment Servicing Supervisor — Main Yard (An existing upgraded position from Senior Service Worker)		
Wash Station Attendant — Main Yard	0	1
Service Worker — Lube Truck	0	1
Service Worker — Mabury Yard	0	1
Total	0	3
Grand Total	68	68

equivalent of 17.5 vehicles being used eight hours per day every day.

An intangible benefit of the night shift would be the increased crew efficiency and ease of scheduling of vehicles and equipment by the using departments.

Intangible figures that would have to be subtracted from the benefits of the night shift would be the increased pay for the night shift employees and the capital necessary to expand the parts room stock necessary to facilitate a night shift.

It should be noted, however, that the increased capital for parts is a one-time expense. The stock then would only incur the costs of maintaining that level, plus overhead. The alternative is to leave the downtime as it is and incur the replacement and repair costs of unneeded vehicles year after year.

The recommendation to consolidate the Light and Heavy parts room is not a new idea to the City. The original justification to build the new garage facility that is now in the Main Yard included the same concept. That justification should be updated and used now to make the consolidation a reality.

With a centralized parts room and proposed night shift for the mechanics, the five people now working in the two parts rooms could be split, three for the day shift and two for the night shift. With the parts people and the service workers all reporting to the Vehicle Maintenance function, more effective utilization of all of the people will be possible. They would be able to help each other during peak and slack periods.

Expanding job descriptions to accomplish this may require negotiations with the Union, but it would be beneficial to be able to have the positions more versatile, rather than so specific and restrictive.

Stock levels would have to be increased considerably in order to operate a night shift. Experience of the task force members, other cities visited and other fleet operations indicate a significant reduction in vehicle downtime is experienced with the operation of night shifts.

Development of an apprentice course would promote more interest and better morale within the ranks of the service workers. It should reduce the turnover of service workers

because there would be a career path for them to follow.

Because of the various types of equipment the City operates, newly hired mechanics still have to be trained before they are fully productive. It would be better to train the apprentices on the City's own equipment and train them the way that they want the job done.

The cost effectiveness of an apprentice program can only be measured after the fact. Again, the experience of the task force and other fleet operations indicate it is an economical and efficient method of operation.

Additional areas of concern were identified by the Task Force related to the organization. These areas included:

- Recruitment and Retention of Authorized Personnel
- Areas of Control
- Vehicle Parts Availability
- Preventive Maintenance Inspections
- Fueling
- Maintenance Records

Recruitment and Retention of Authorized Personnel

Evaluation

The Vehicle Maintenance Division has an authorized staffing level for year 1979-80 of 84.5 people. The average annual staffing through April was 71 people, or 84% of their authorized force. In recent years, the lack of personnel has been a constant problem for this organization. In 1977-78 they averaged 88% and in 1978-79 they averaged 86% of their authorized level.

The replacement process is extremely slow. It takes approximately six months to obtain replacement personnel. When a vacancy occurs, authorization must be given before the Personnel organization considers qualified applicants. The Personnel Department is responsible for screening and testing all potential applicants. The required testing generally occurs after authorization has been obtained.

Within the Vehicle Maintenance organization there is a lack of career development opportunities. An Equipment Service Worker is responsible for oil change, lubrication and

inspection. He/she does not have the opportunity to learn about the repairs to vehicles. When vacancies occur for Equipment Mechanics, the Equipment Service Worker is not competitive unless he/she has developed these skills away from the job.

It is extremely difficult to recruit qualified mechanics. The City's salary structure does not provide the level of compensation a mechanic can achieve on the open market.

There is no incentive for mechanics who are employed by the City to progress within the Vehicle Maintenance organization. They reach the top of their salary range in 3-1/2 years. The vacancies that occur in Vehicle Maintenance supervision are not frequent enough to motivate mechanics to consider this an attainable goal. There is no motivation for an individual to excel.

Recommendations

Specific changes must be made in the recruitment process to ensure that qualified personnel are readily available when a vacancy occurs. A register of qualified candidates should be on file with the Personnel Department. The necessary screening and testing should have been completed. Individuals should have been designated as potential employees for the various job classifications which may become available.

To assist in the retention of personnel and make available career development opportunities within the organization, an apprentice program should be adopted. A variety of apprentice programs are available for immediate application. The American Public Works Association has developed one such program. The Vehicle Maintenance Division currently has the publication that describes this program.

Vehicle Maintenance personnel have proposed in the 1980-81 budget cycle a pay incentive program for Equipment Mechanics. By exceeding the job standards, an individual mechanic would compile credits that would translate into additional pay. This is a program that should be implemented.

Benefits

The timely replacement of personnel directly relates to the level of service the Vehicle Maintenance Division is able to provide.

Adequate force ensures that equipment downtime is reduced to a minimum level.

Implementation of an apprentice program ensures that properly trained personnel are available within the organization as vacancies occur. It provides the opportunity for specific individuals to progress within the organization. Improved morale would result.

Implementation of a pay incentive program for Equipment Mechanics would result in higher productivity and higher quality repairs.

Areas of Control

Evaluation

The Vehicle Maintenance Division is held accountable for all charges to the Vehicle Maintenance and Operating Fund. They are not provided the authority or responsibility for ensuring that all charges to this account are valid.

The bill processing procedures used currently do not lend themselves to effective cost control. Inconsistent procedures and the lack of proper approval by Vehicle Maintenance personnel is evident.

The majority of the bills are currently received in the Public Works business office. They are required to make a copy of the bill and send it to Vehicle Maintenance for approval. For whatever reason, this procedure is occasionally not observed. Vehicle Maintenance personnel do not always have the opportunity to review and approve the expenditures. These expenditures must be submitted to MAINSTEM to ensure that all charges to each vehicle are accumulated.

The encumbering of funds to various outside supplies is done on an annual basis. Open purchase orders are issued and specific dollar amounts are identified. This encumbering is done by the Public Works Business Office. Vehicle Maintenance does not provide input to either the selection of suppliers or the level of funding required for each. Nor are they aware of the specific amounts encumbered.

A duplication of effort is evident in both the area of bill processing and encumbering. Logs are maintained by Public Works personnel and Vehicle Maintenance personnel. A significant amount of time is required to post the required information.

Recommendation

Bill processing and encumbering should be done by the Vehicle Maintenance Division. They are responsible for all charges to the account and consequently should be aware of all expenses that impact the account.

Benefit

Effective cost control and necessary records.

Vehicle Parts Availability

Environment

There is a minimal amount of parts stocked in the parts room in the Heavy and Light garages at the Main Yard.

The parts stocked in the South, West and Municipal Yards consist only of a few light bulbs, tail light lenses, nuts, bolts & filters.

Evaluation

The lack of parts in the Main Yard shops create two problems. First, it adds to the vehicle downtime and secondly, while waiting for parts, the vehicles are taking up floor space that is already lacking.

The amount of stock presently at the West, South and Municipal garages imposes a substantial burden on the mechanics having to work in those locations. Almost any repair job in these locations requiring any parts other than a light bulb, a light bulb lense or nut and bolt would have to be laid up while they waited for a parts delivery or until they went to the local parts house and picked it up themselves. Either way, it is a waste of physical space and labor.

An attempt was made by the Task Force to calculate what percent of the total reported downtime was attributable to the lack of parts, but the information is not recorded.

Recommendation

It is recommended that past invoices be searched or a log sheet be kept to identify the most common parts used that are not in stock. After they are identified, the stock levels in the Main Yard and outlying yards should be increased to a point that would support day and/or night shift operations.

Manufacturers' representatives are also available to do fleet analysis for stocking level purposes.

Benefits

A reduction in vehicle downtime and more effective use of shop space.

Preventive Maintenance Inspections

Environment/Evaluation

It was found by surveying 365 vehicles that received "A" inspections (lube and oil changes) in the South, West and Main Yards, that there are approximately 484 actual inspections being performed in excess each year. This survey was conducted on vehicles ranging from passenger cars to 2 ton vehicles and eliminating those units that would be required to run or idle at the job site. (These vehicles would be reported and inspected on an hourly projection, not on a mileage basis.)

The present criteria for the "A" service on the vehicles surveyed is three months, or 3,000 miles. The vehicles were in fact being inspected every three months, but 64% of them had gone less than 2,500 miles since their last inspection. 33% had gone less than 1,500 miles and 5% less than 500 miles.

The monthly inspection schedule is being manually developed in all of the garage locations. An estimated 312 hours per year are consumed by this process.

There is no Preventive Maintenance "schedule" control as such for the motorcycles. It is left up to the Police officers to bring their own units in when needed.

Recommendations

Develop a computerized method of triggering the vehicle inspection.

The 64% over-inspection on "mileage" vehicles as opposed to "hourly" vehicles was the result of inspecting vehicles solely on the three month interval. For vehicles and equipment in this class, more attention should be given to the mileage driven between inspections.

The Vehicle Maintenance Department is looking into the possibility of linking the fuel usage to the inspection schedule. The Task Force agrees this would be a good system.

A higher priority should be given to the "B" inspections. (A "B" inspection consists of an "A" inspection, plus engine tune-up, brake and clutch adjustment.) They are now being used as fill-in work or "get to when we can"

work. It should be recognized that the Preventive Maintenance program, if properly administered, will "prevent" major repairs and expenses.

An attempt was made to find out what percent of vehicles received "B" inspections and how often they were being performed. The information on the MAINSTEM forms and reports was extremely hard to track and was therefore inconclusive.

It is recommended that a schedule of vehicles due for "A" and "B" services be kept and monitored for the percent of completion.

A Preventive Maintenance schedule control should be set up for the motorcycles also. Presently the officers bring their cycles in when they have gone the prescribed number of miles, but there is not a master schedule to see if any are being overlooked.

Benefits

Effective utilization of personnel, materials and supplies.

Fueling

Environment

All vehicles that are stored in or around the Main Yard are fueled by the user-operator at the pump island located in the Main Yard, either at the start or close of their shift.

Evaluation

It has been observed by the Task Force that, on a regular basis, two lines of 3 and 4 vehicles deep are waiting for their turn to get fuel. Some of these vehicles have 2 and 3 people in them. This causes lost productivity at the job site.

Recommendation

It is recommended that a mobile fuel tanker be purchased to fuel all vehicles and equipment in the Main and close-surrounding yards at night. There is a wash station attendant position in the West Yard that would be transferred to the Main Yard to do the fueling. The cost involved to purchase the tanker would depend on the size of tanker required. It may be possible to install a 250-500 gallon tank on a three-quarter ton vehicle at a reduced cost. (Approximately \$1,500 for tank and installation.)

Benefit

Increased productivity of vehicle user personnel.

Maintenance Records

Environment

All maintenance and repair information is recorded on a MAINSTEM work order form. Those forms are then batched up and sent back East to be keypunched into the MAINSTEM computer. Individual vehicle and fleet maintenance history is then printed and returned to the City.

Evaluation

The MAINSTEM system is limited in its capability to produce reports that are sometimes desired. The system comes as a package with a selection of programmed reports. Any deviation from these becomes very costly.

The reports of individual vehicle history do not provide data on specific repair maintenance items. The reports provide only a summary of cost associated with the vehicle. Therefore, it is difficult to determine recurring maintenance problems.

Copies of the work order forms are filed in folders by individual vehicle number. Obtaining useful information from these files is so time consuming it is discouraging to the mechanics, so they do not even attempt it.

All history files for the vehicles in the outlying garages are kept in the Main Yard. This necessitates a phone call every time the mechanics need to know anything about the vehicle they are working on.

The Vehicle Maintenance Department is not satisfied with the information derived from or with the versatility of the MAINSTEM system. They are presently looking at other systems.

The Task Force agrees a change is needed. With regard to the preventive maintenance and repair, the new system should provide the following:

- Flexibility to provide information other than programmed reports
- Maintenance history information that could be used as a tool to help the mechanics and foremen to see past problems or trends.

This should be in the form of a running history per vehicle on a history card or microfilm.

- Vehicle specifications and history should be kept in the outlying garages for their respective vehicles
- Have the capacity of indicating the past "A" and "B" services performed.

Benefits

Improved records if properly used will reflect in improved maintenance.

Current Changes

Since the project began, the Vehicle Maintenance Division has implemented the following organization changes which were noted as recommendations in the original proposal:

- The Preventive Maintenance Supervisor position has been reclassified to Equipment Repair Supervisor.
- One Equipment Service Supervisor has been placed in charge of the Municipal Garage
- The Preventive Maintenance Supervisor/Repair Supervisor position will be filled on a temporary basis and the incumbent will be assigned to oversee an enlarged night operation
- The Wash Station Attendant position has been reallocated to Equipment Service Worker.

These changes coincide with recommendations made by the Task Force.

Project Leader

Nancy Carroll — Pacific Telephone & Telegraph Company

Project Members

Loran R. Wiseman — Pacific Gas & Electric Company

Richard R. Carey — Lockheed Missiles & Space Company

City Coordinator

Joe Oehlert — Director, General Services Department

City Staff

Fred Wright — Vehicle Maintenance Division

Information Systems and Reporting

Environment

The information system presently being used by the Vehicle Maintenance Division is a fleet management system called MAINSTEM. The system has been used for approximately five years. The system costs the City in excess of \$30,000 annually.

MAINSTEM is a batch system which required that Vehicle Maintenance personnel process in excess of 100,000 items of documentation each year. All input data is mailed to Princeton, New Jersey at the close of each month. The data is keypunched by MAINSTEM. A series of 13 reports is generated and returned by mail to the VMD approximately three weeks after submission of the input data.

The MAINSTEM system does make available documentation of cost details, as well as labor hours expended by the City. To obtain this documentation, the following input is required and is prepared manually:

- Work Order

Purpose: To record direct labor, parts and outside cost for equipment maintenance.

Approximately 2,200 work orders are processed monthly. These are required for each piece of equipment requiring repair or preventive maintenance servicing.

- Record of Services and Expense on Equipment

Purpose: To record work done on as many as 21 different pieces of equipment.

Approximately 120 records of this category are processed monthly.

- Record of Indirect Labor and Materials

Purpose: To report that data which is not chargeable against specific equipment numbers on work orders:

- Equipment related hours and/or material dollars;
- Overhead activity hours and/or material dollars.

Approximately 50 records are processed each month and summarized by account number.

- Summary of Facility Expense

Purpose: To record actual facility ex-

penses for payroll, overhead, equipment operating and equipment maintenance.

- Cost of Ownership

Purpose: To record either initial data or changes /corrections to existing data (capital).

Approximately 140 records are processed monthly.

- Fuel and Usage Form

Purpose: To report a) equipment utilization; b) inventory changes; and c) operating expense.

Approximately 10,000 line entries are processed monthly.

- Transmittal Sheet

Purpose: A tally and verification of input documents sent to MAINSTEM.

As previously mentioned, each of the above forms must be hand processed. A large majority are handled by two or three different people. An example of this is the Work Order Forms:

- The Work Order is initially prepared by the Supervisor in the repair shop.
- It is given to a repair worker who is responsible for itemizing the specific work performed on the equipment.
- The supply person provides the information regarding the parts used.
- When the job is completed, the Supervisor verifies that all required information is on the form prior to forwarding it to the Vehicle Maintenance Office.
- An Account Clerk in the office holds the Work Order in abeyance until the store's requisition is sent over with pricing information on all parts that were used.
- The Work Order is taken out of abeyance and the pricing information is transferred to the Work Order by an Account Clerk.
- The Work Order is sent to New Jersey at the end of the month.

The following identifies the thirteen reports that are generated by MAINSTEM and the frequency of issue:

Facility Oriented Reports:	
Facility Performance Summary	Monthly
Indirect Maintenance Summary	Monthly
Direct Maintenance Analysis	Monthly
Origin of Equipment Costs	Monthly
Equipment Management Reports:	
Equipment Exception Summaries	Monthly
Maintenance & Operating Costs by Class	Monthly
Equipment Cost Summary	Monthly
Equipment History by Unit	Monthly
Cost of Ownership	Monthly
Planning/Replacement Reports:	
History of Maintenance by Class	Annual
Downtime	Monthly
Billing Reports:	
Total Cost Billing	Monthly
Department Billing, Direct	Monthly

The number of reports generated and the various areas covered would lead one to assume that the system provides all that is required in connection with fleet management. This assumption is not valid. A limited number of reports are able to be used for direct fleet application. The reports contain a minimum of data required for management decisions. They do not provide information to evaluate the performance of vehicles, personnel or the maintenance shops. Many questions arise which should be answered from data contained in the reports, but the information is not available without manual extraction. Very few questions that were asked by members of the Task Force were able to be answered from the information available. Specific examples of this were:

- Total number of vehicles assigned to a specific organization. This information is in the reports, but it is not summarized.
- Total number of Type A or Type B inspections performed.
- Total hours of repairs for general fleet vehicles.
- Total hours of downtime for Police vehicles.

The personnel directly involved with the processing and extracting of information required for MAINSTEM are identified below.

Two Account Clerks are devoted full-time to processing the paperwork required in connection with MAINSTEM.

The supervisors in each of the repair shops spend approximately one and one-half to two hours per day processing the necessary paper.

An Accountant II spends 10% of his time extracting information from MAINSTEM outputs for various internal reports.

An Accountant III spends 50% of his time extracting information required by Finance in connection with journal activities.

Vehicle Maintenance personnel are also required to explain in detail various items on the billing reports to the recipients.

A significant amount of time is spent by personnel in the Vehicle Maintenance Division in connection with MAINSTEM. The information that is provided through MAINSTEM does not appear to offset the time invested to obtain these results.

The City charges, on a monthly basis, the various departments using vehicles and equipment for the maintenance and operating costs associated with their assigned units. MAINSTEM provides this information but it must be manually extracted and put in a format that is acceptable to the finance organization for charges back to the equipment users. Because of the delays inherent in MAINSTEM, there is no opportunity to

audit or balance the City's labor and financial data against what MAINSTEM reports for any given month.

The requirement for an improved information system has been recognized by City personnel from Finance, Purchasing, Information Systems and Vehicle Maintenance.

In July, 1977, a committee was established with representatives from the above organizations to search for a replacement for MAINSTEM. An analysis of the computer requirements for the Vehicle Maintenance Division has been compiled. A 37 page document has also been prepared and submitted to the City Information Systems group, identifying the reports that are required and the detailed information needed in each area. (Attachment I identifies the required reports.)

Information System is in the process of reviewing the requirements identified by the Vehicle Maintenance Division. They have agreed "within a reasonable period of time" to establish a cost and timetable for developing a replacement for MAINSTEM in-house.

Evaluations

MAINSTEM provides information that is primarily historical in nature. The system does provide maintenance and operating costs for each piece of equipment in the fleet. But it provides a limited amount of information that can be used for direct fleet application. The time that is required by various personnel to process the necessary input is excessive in relation to the benefits obtained.

The reports that are generated by MAINSTEM are lacking in many areas. Few analytical procedures are performed by the computer process. For the most part, the input has been collected, calculated and accumulated so that total figures are presented for maintenance and operation of the equipment, along with certain costs per mile. Most analysis must be done later by extracting related information from the reports.

The various input documents required to support MAINSTEM appear to be excessive (100,000). The number of personnel involved in this process are necessary if MAINSTEM is to provide any meaningful information. If any one element is missing or deleted, the output is invalid. A tremendous amount of effort is expended to ensure that

MAINSTEM provides all the information of which it is capable.

One of the primary functions of an information system should provide the data required by the finance organization in connection with their journal activities. MAINSTEM does not interface with Finance, nor does it have the potential for balancing or auditing the City's labor and financial data against information compiled through MAINSTEM.

The departmental billing that is prepared to charge the users for the equipment assigned to them is an involved process. The information is not provided in a format that is acceptable to Finance. The detailed costs must be manually extracted and submitted monthly.

Delays in departmental billing cause problems in accounting and budgetary controls. The users are frequently not charged the maintenance and operating expenses associated with their equipment for two or three months.

Labor distribution is accounted for only by direct and indirect. No method is available to account for an individual's daily time to assure proper recording. Direct time is recorded on the Work Order form and identifies the time required to perform a specific maintenance function on a piece of equipment. Indirect time, which is the time not chargeable directly to maintenance of the equipment, is submitted to the Administration Office on the Man Hour Account form. All indirect hours are manually extracted and entered on a worksheet. This information is summarized and the total indirect hours for each month are sent to MAINSTEM. It is not possible to charge appropriate rates for labor performed by different classifications of personnel. The same hourly rate is charged for oil changes and lubrication as for specific repair functions. The oil changes and lubrication are performed by a Service Worker whose basic pay rate is much less per hour than an Equipment Mechanic.

To find the total preventive maintenance servicings performed on any single class of vehicles requires manual extraction. The total repairs performed on a single class must also be obtained in this manner. This information is required for analysis of preventive maintenance servicing and repairs for one specific group versus the general fleet.

Recommendations

MAINSTEM has been used for approximately five years. At the time it was implemented, it was one of the most effective fleet management systems available. In today's environment of improved technology, this is no longer the case.

An information system that provides meaningful data for direct fleet application can significantly impact the operation. Information which is provided should be in a format to assist management in their effort to:

- Minimize equipment operating and maintenance costs;
- Minimize equipment downtime;
- Schedule preventive maintenance;
- Compare equipment performance;
- Prepare interdepartmental billing; and
- Establish equipment replacement needs.

Project Leader

Nancy Carroll — Pacific Telephone & Telegraph Company

Project Member

Loran R. Wiseman — Pacific Gas & Electric Company

A variety of systems are available through outside vendors that meet the requirements. A system that reduces or eliminates the volume of paper processing and the excessive manual extraction of data is the ultimate tool for effective fleet management. A system of this type is an on-line system. An improved information system will significantly impact the City's vehicle operation.

Benefits

An improved information system properly applied, can significantly reduce the costs of managing and operating the fleet. It allows for improved equipment management resulting from the accuracy and timeliness of data. It provides increased control of the operation. An improved information system also provides essential data for improved budget decisions, with positive impacts on equipment and personnel.

City Coordinator

Joe Oehlert — Director, General Services Department

City Staff

Jim Albanese — Maintenance Neighborhood Department

Kevin Eck — Vehicle Maintenance Department

Fred Wright — Vehicle Maintenance Department

ATTACHMENT I

VEHICLE MAINTENANCE DIVISION REQUIRED REPORTS

Equipment Inventory with identifying details on the equipment, the owner, the user and maintenance facility.

- Equipment Inventory Detail
- Equipment Inventory Summary showing the totals by class and year of manufacture.
- Equipment added/deleted from inventory within each class and year of manufacture.

Cost of Ownership

- Report to equipment user giving details on costs of owning, maintaining and operating each item of equipment, organized by using agency.
- Summary Report by class for total fleet.

Cost of Maintenance and Operation

- Fleet Analysis—showing maintenance and operating costs per item of equipment, by class of equipment, and by grouping of classes. Costs are shown by total and by cost per mile/hour.

Shop Performance Reports

- Facility Performance Report shows a periodic summary of work orders opened and closed, parts data showing cost and quantity, labor hours and costs, commercial costs, fuel by quantity and cost, and equipment utilization. Report should be broken down by facility.
- Shop Performance Report shows number of repairs by repair type for each vehicle, the cost for these repairs and the downtime.
- Summary of Repairs by class and cause showing number and cost, units repaired, downtime and analysis of work orders.

Parts

- Inventory Detail—detailed description of parts, their location, costs, reorder points, not on inventory items, transfer, receipts and issues.

Commercial Costs

- Details on vendors and vendor charges by equipment item and repair type.

Fuel (provided by Automated Fueling System)—Interface provides data on usage and costs per item of equipment.

Work Order

- Data required to show details of what was done on each item of equipment and the cost detail for repairs and service.
- Work Order Status Report showing details on open or closed work orders by facility.

Labor Hour Reporting

- Personnel Listing showing details on each employee.
- Daily Reconciliation provides capability to audit daily times reported by employees.
- Compensatory Time Analysis provides capability to control compensatory time taken.
- Direct Labor Report by facility and total VMD details the time required by repair type and employee classification. Used in determining vehicle equivalents and shop performance.
- Indirect Labor and Materials Report by facility provides data on time and other costs that are not charged directly to equipment.
- Labor Rates Report specifies the rate per hour per classification to provide data for charges for labor.
- Employees Reporting Over or Under 8 Hours Per Day is an exception report to show employees who have not reported a full 8 hours per day or are reporting overtime.
- Employees Not Reporting would identify the employees who have not reported time on a certain day.

Preventive Maintenance Reports

- PM Schedule would identify equipment that requires servicing on a certain date in the future.
- Summary of PM Performance details the PMs performed with the time required; details by equipment item and class totals.

Equipment History

- Maintenance and Operating Summary showing details on service and repairs performed by quantity and cost for each item of equipment.
- Repair Detail Report is an historical analysis for each item of equipment showing number of work orders per repair type for maintenance and operating costs, for the life of the equipment.
- Maintenance by Class Report is an historical analysis of equipment by class showing costs of maintenance and operation by repair type by usage intervals. Used to evaluate and establish replacement criteria.

Exception Reports

- Maintenance and Operations Exception Report highlights the high costs, high usage and low usage items of equipment.

Downtime Report details the downtime by item of equipment and class.

Direct Costs Detail shows the cost of parts, labor, commercial, tires, batteries, and operating costs by equipment class detailing the number of items in each class.

Billing Reports

- Report to User by user account code details the costs of maintenance, operation and ownership for each item of equipment operated by the user.
- Report to Finance—details the cost that should be charged to the equipment user by account, expense code, revenue code, and the transaction codes to charge the internal inventory for parts and supplies.

Replacement Schedule provides computation of replacement dates based on time, usage and costs data.

Pool Car Checkout Report provides detail on pool car usage and charges.

Budget Preparation and Analysis provides a detailed presentation of individual cost data from the maintenance and operating reports, into a financial statement, suitable for budget preparation and analysis.

Rental Billing uses the maintenance and operating costs, plus ownership costs, to provide rates to be charged for renting equipment.

Work Delay Analysis provides capability to analyze reasons for delays in performance of work.

Equipment Purchase/Sale

- Purchase Schedule shows details of items of equipment budgeted for purchase, the steps required for purchase, delivery information and cost of equipment.
- Equipment Receipt and Processing Report details the information required for placing an item of equipment on the inventory and the processing of data to assure all agencies are notified.
- Equipment to Auction details the information required to remove an item of equipment from the inventory and provides a record of equipment sold.
- Equipment In Service as an abbreviated inventory showing only the equipment number and type, class, department of assignment and the user plus in-service, and scheduled replacement dates.

Automotive Parts Inventory Control

Parts Inventory

Environment

High turnover stocked items are bid annually by local parts stores. When minimum levels indicate, these parts are reordered from the vendor who is awarded the bid on those particular items.

Other slower moving items that are not annually bid are processed through the warehouse to the Purchasing Division. There they are sent out for bids. When low bid is determined, they are sent to the Finance Department to have the money encumbered. When completed, Purchasing will issue the Purchase Order to the vendor.

In both cases, the orders for high and low turnover parts are being placed with local jobber parts stores. These local jobbers buy their parts from a warehouse distributor.

Evaluation

By bidding through local parts stores, the City is purchasing parts at prices higher than a large user should be paying.

Slower moving items that are not annually bid sometimes take up to 45 days to secure. This is because of routing through the Warehouse, Purchasing Division (who individually bids them), and Finance Department.

Recommendation

Two local warehouse distributors were contacted by the Task Force and they indicated that they could provide parts to the City at less than what they are presently paying by bidding to the local parts stores. It is recommended that the City begin purchasing through these or other warehouse distributors. It is also recommended that slower moving items be purchased through the same warehouse distributor and eliminate the procedure through the Warehouse, Purchasing Division, and Finance Department.

Benefits

The wholesale distributors contacted by the Task Force indicated they could provide parts to the City at approximately 22 to 30%

savings over what they are paying now. Based on past actual purchases of the types of parts they could supply, a savings of approximately \$27,000 per year could be realized by buying through them.

It is recommended the City go to bid at warehouse distributor level for both high and low turnover items. This would not only save a substantial amount of money, but would also reduce the labor hours and time delays as experienced in the present method of purchasing the slower moving items.

Parts for New Vehicles

Environment

There is no present method of ordering parts for new vehicles as they are received. These parts are generally ordered as they are required.

Evaluation

The Heavy Parts Room has no parts in stock for 1979 or 1980 vehicles. This creates downtime on vehicles and requires too many unnecessary trips to the parts store.

Recommendation

It is recommended that a system be provided that will automatically trigger the ordering of repair parts required for new vehicles.

Benefits

Incorporating a system that would identify needed repair parts before they are required would eliminate a lot of associated vehicle downtime and unnecessary trips to the parts store.

Detailed information to determine cost savings regarding vehicle downtime is not available. A log or a coded input to the MAINSTEM work order would have to be implemented to determine actual savings.

Parts Security

Environment

Parts security is accomplished in the two parts rooms in the Main Yard by always having someone in them issuing parts.

In addition to an annual physical inventory, a quarterly partial row-by-row inventory is conducted.

Evaluation

Parts security control seems to be as effective as it can be. The fact that someone issues all of the parts from the parts room and has the proper paperwork signed is about the best system available.

Recommendation

One recommendation in addition to what already exists would be to set up a system of spot checking vehicles worked on to make sure that withdrawn parts were in fact installed.

Benefits

While the present parts security system is adequate, instituting a method of spot checking vehicles for parts installation would act as a deterrent to misappropriation of parts.

Inventory

Environment

Inventory stock is kept by the warehouse using a manual card system. Minimum reorder points have been established. There are over 1500 items in the card file.

Evaluation

The present criteria of a 3-month supply of fast-moving parts is necessary with the manual inventory system. It takes a lot of manpower to keep it up, but it is a workable system.

The fact that there is now an annual physical inventory made by the warehouse and quarterly partial row-by-row inventory made by the parts room employees is commendable.

Recommendation

It is recommended that a computerized parts control system be set up. It is recognized that Purchasing has an existing system that is planned to include Automotive Parts Inventory in the future.

Benefits

A computerized parts control system would make it possible to keep the items of stock at their lowest possible level and still provide the optimum service to the user departments. It would also provide the information necessary to increase some levels or indicate a need to stock certain parts in order to eliminate unnecessary trips to the parts store and reduce vehicle downtime.

We are aware of an in-house system being implemented in the warehouse that might be adaptable to the automotive parts. Whether in-house or purchased, the program should be designed to provide all of the essential information.

While visiting other cities' operations, it was found that both Phoenix and San Diego have computerized parts control programs and both are inadequate. San Diego is now going through the expensive process of building another program to provide the information their original program did not include.

Parts Purchases and Farm-Out Data

Environment

Parts purchases and farm-out expenses are posted daily by a clerk in the Vehicle Maintenance Department. This takes approximately 22 hours per month.

Evaluation

The 22 hours spent per month to manually record the parts purchases by vendor and farm-out expense is time-consuming.

Recommendation

The Accounting and Information Systems Divisions were contacted by the Task Force to see if a monthly report could be made available that would list the amounts paid to various parts stores and outside vendors doing farm-out work. They indicated that by searching the fund, prime and detail, the information should be available. This should be followed up and implemented.

Benefits

Obtaining this report from Information Systems would save about 22 hours of manual posting time per month. This would be an annual savings of approximately \$1400

in clerk's wages and would leave her about one hour per day for more productive tasks.

Budgeting for the next year's maintenance and operation expenses would also be made easier.

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Vehicle Replacement

Background

The Vehicle Maintenance Division is responsible to maintain a fleet of vehicles and equipment comprised of 1,230 units. They are also responsible for programming these same units for replacement. The Vehicle Maintenance Division is not responsible for programming replacements for the Water Pollution Control Plant or Airport. They are, however, responsible for replacing a selected number of passenger vehicles maintained by the Fire Department.

In the 1979-80 Budget \$2,280,000 was identified as replacement funding and 225 units were replaced. The proposed 1980-81 Budget identifies \$2,628,000 which is to be used to replace 235 units.

The study team reviewed the following areas associated with the replacement process:

- Criteria for Replacement
- Funding
- Equipment Specification and Replacement Accounting

Criteria for Replacement

Environment

The Vehicle Maintenance Division's criteria for vehicle replacement is based on a combination of time and/or mileage. Table 1 identifies the criteria for the various classes or types of vehicles used by the City currently.

A priority is established for each vehicle meeting the criteria using the following guidelines:

Priority 1—Meets one of the following:
a) Time and mileage criteria for the class.
b) Meets the mileage criteria for the class.

Priority 2—Meets one of the following:
a) Time criteria only and condition is such that it is not advisable to retain it one more year. b) Equipment has low mileage but it is more than two years beyond the time criteria for the class.

Priority 3—Meets the time criteria for the class.

An Equipment Utilization Committee was established in December, 1975. This committee is made up of City personnel from various vehicle using departments. The primary function of this group is to review all equipment identified for replacement. The Vehicle Maintenance Division provides the user groups with specific information pertaining to each vehicle assigned to their organization, e.g., age, mileage, condition, etc., The various committee members evaluate each unit and determine which equipment will be recommended for replacement. The Vehicle Maintenance Division makes the final determination of which equipment will be recommended for replacement.

Evaluation

Scheduled equipment replacement is a complex process that has as an overall goal; the reduction of operation and maintenance costs while serving the needs of the operating

Table 1

Sedan	5 years and/or	70,000 miles
Compact Pickup	6 years and/or	60,000 miles
½ ton vehicle	6 years and/or	75,000 miles
¾ ton vehicle	8 years and/or	80,000 miles
1 ton vehicle	8 years and/or	80,000 miles
1½-2 ton vehicle	10 years and/or	100,000 miles
3, 5, 8 & 10 ton vehicles	10 years and/or	100,000 miles
Marked patrol vehicles	(Meet & Confer)	70,000 miles
Motorcycles	5 years and/or	50,000 miles

departments. The time and/or mileage criteria that has been established by the Vehicle Maintenance Division is reasonable. The element that appears to be missing is the review of maintenance and operating costs associated with each individual unit and a projection of what it may cost if the equipment is retained.

The mileage accumulated on the vehicle in the last year should also be reviewed. If utilization is not evident, the vehicle may not be needed and should not be replaced.

The Equipment Utilization Committee makes a definite contribution to the replacement process. It affords the operating departments the opportunity for direct input in the decision and analysis portion of this program. It also ensures that the replacements are designed to meet the needs of the using group.

Recommendations

The time and/or mileage criteria presently in effect should be expanded to include a program for extensive evaluation of each piece of equipment. The primary factors considered in equipment replacement scheduling should include:

- Repair costs — the unit is no longer economically repairable, regardless of age.
- Technological improvements—obsolescence due to age and technological advances, which make it difficult or impossible to obtain parts.
- Continued use—regardless of age: Utilization must be evident through continued use of the equipment.

Funding

Environment

Fiscal year 1979-80 was the fourth year in a five year capital improvement program for replacement of rolling stock. Prior to implementation of this program, funding for vehicle replacements was almost nonexistent, except for the Police fleet. Police vehicles were replaced on a continuing basis as part of the Meet and Confer process.

The Vehicle Maintenance Division submits, on an annual basis, a proposal identifying all vehicles that have been recommended for replacement. They also identify the cost

required to replace each unit. These costs are included in the annual forecast for Fund 752, the Vehicle Maintenance and Operation Fund.

The Office of Management and Budget (OMB) is responsible for reviewing the proposal and the funding requirements. They determine the level of funding available for vehicle replacements based on the overall City Budget. Budget hearings are held and Vehicle Maintenance has the opportunity to provide direct input.

The OMB forwards the proposed budget to the City Manager for review. His approval is obtained prior to submission to the City Council. In June of each year, the City Council makes the final determination of the level of funding available for equipment replacements. The level of funding authorized enables Vehicle Maintenance personnel to determine which equipment will actually be replaced.

Vehicle Maintenance projects a specific dollar amount that will be recovered through the sale of equipment at auction. Any funds collected over and above this amount are placed in the General Fund. It is not able to be used for replacement of equipment.

Evaluation

The establishment of a five year capital improvement program for vehicle replacements was necessary and has been extremely effective.

The vehicle fleet has been upgraded and modernized. Many of the high maintenance and operating cost units have been eliminated from the fleet. Fiscal year 1980-81 will be the fifth year of this program.

The proposed level of funding that is available for vehicle replacements is determined by the OMB and depends completely on their evaluation of the overall City's budget requirements. Funding for vehicle replacements has, in the last four years, been considered a priority program.

To ensure prudent utilization of City funds, it is necessary that proper authorization be obtained before funds are identified for vehicle replacement. It is also important for personnel involved in the authorization process to realize that maintenance and operating costs directly relate to the age

and/or condition of the various pieces of equipment in the fleet.

It would also be beneficial if personnel in the various vehicle using groups were aware of the costs associated with ownership or replacement of equipment assigned to their organization. This lack of awareness, in some cases, is demonstrated through underutilization of equipment. The equipment users are charged for maintenance and operating costs associated with the equipment assigned to their organization. They are not charged if the vehicle is not used.

All funds that are recovered by disposal of equipment through auction should be used for vehicle replacement.

Recommendations

Management must recognize the necessity for a continuing equipment replacement program. The five year capital improvement program should continue annually.

We also recognize numerous benefits if the present procedure for obtaining the necessary funding was changed. A fund should be established specifically for the replacement of equipment. This fund would enable the Vehicle Maintenance Division to recover the costs associated with replacements on a programmed basis.

The basic principles involved in the establishment of the fund are:

- Establish a replacement rate and invoice the using group on a monthly basis in accordance with the following formula:

$$\frac{\text{Anticipated Vehicle Replacement Cost}}{\text{Life Expectancy, Months}} = \text{Replacement Rate}$$

In theory, each vehicle will have accumulated a sufficient amount of monies at the end of the established life expectancy to provide funds for purchase of a new unit, providing the proceeds of the sale of the replaced unit were made part of that fund.

- The funds collected would be placed in a separate account and used only for equipment replacement.

- All funds collected through the disposal of equipment would be placed in this account.
- Interest would accumulate on the account. The interest could be used to purchase wrecked vehicles not originally programmed for replacement.

As an example, the Vehicle Maintenance Division currently projects a specific number of Police vehicles that will require replacement as a result of accident damage. The number of units and associated funds are included in the annual budget. The Police vehicles are the only pieces of equipment programmed in this manner. All other fleet units must wait to be replaced in the following year.

To obtain the money necessary to establish this fund, it will require double-billing the user-groups for the monthly fixed charges that have been established for the vehicles assigned to their organization. This double-billing would be required for a period of 3 years.

If this fund were established, the City Manager and the City Council would still approve the annual budget for equipment replacement. The primary difference would be that funding would be readily available and replacement equipment would not compete with other programs identified by the City as perhaps having a higher priority. Currently, the Council approves each individual purchase over \$5,000. Under the above proposal, their approval would still be required.

Other cities have implemented a fund for equipment replacement and been very satisfied with the results. Seattle, Washington has had a Revolving Fund since 1971. A modified version of the Revolving Fund is used in San Diego and Phoenix.

Equipment Specifications and Replacement Accounting

Environment

The Vehicle Maintenance Division prepares specifications for purchases of all replacement and additional equipment.

One individual in Vehicle Maintenance is responsible for writing the specifications.

The City's equipment is extremely diverse. Included in the fleet are passenger vehicles, light, medium and heavy trucks, motorcycles, police vehicles and many special purpose units. Many of these units must be equipped with associated equipment such as aerial devices, dump bodies, generators, etc., A considerable amount of time is required to develop specifications for much of this equipment.

The Vehicle Maintenance Division has recently implemented a program in connection with specification preparation which is identified as Life Cycle Costing. Life Cycle Costing evaluates the entire cost of ownership. This includes the original purchase price, projected maintenance and operating costs, equipment downtime, and resale value.

Evaluation

Extensive time is required to prepare the specifications for equipment replacements. The individual who is responsible for the task is also responsible for licensing, inspection and the records work associated with new vehicles. Specification writing alone, considering the extreme diversification of the fleet, is a full time task.

It has been recognized that low bid is not necessarily the most economical concept in the purchase of vehicular equipment. The inclusion of Life Cycle Costing in connection with specification preparation is extremely time consuming. Extensive evaluation and analysis is required for each piece of equipment identified for replacement. Sufficient personnel is not available in the Vehicle Maintenance Division at the present time to implement this process.

Recommendations

Every effort is made to assure that the equipment to be purchased is designed to meet the needs of the user. It is difficult for one person to prepare the specifications, confer with the vehicle users, handle the licensing activity,

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new vehicle inspections, and the records work associated with new vehicles. That person is often behind in his efforts. We recommend adding one person to the Vehicle Maintenance Division staff to provide the necessary assistance. The projected salary for this individual is estimated at \$24,700.00.

Since it has been recognized that low bid is not necessarily the most economical concept in the purchase of vehicular equipment, it is recommended that Life Cycle Costing be implemented on all replacement transactions. The additional person will enable the Vehicle Maintenance Division to implement this process.

Uniformity in equipment design and components should also be considered when purchasing replacement equipment. Standardization of equipment whenever possible assures parts availability and maximum utilization of vehicles.

Benefits

The overall benefit of an effective equipment replacement program is a reduction in operating and maintenance costs while serving the needs of the operating departments. The condition of the equipment has direct impact on the delivery of services the City is required to provide.

Equipment that has deteriorated or is obsolete severely restricts the operating departments in their efforts to provide essential services. Equipment that is out of service because continuous maintenance or repair work is required imposes an unnecessary penalty on the using groups. Dependable equipment is needed so that personnel can be scheduled and programs completed in a timely manner.

Technological advances in equipment are such that many units become obsolete within a few years of the date of manufacture. Parts are extremely difficult to obtain for obsolete equipment which results in excessive downtime of the equipment. An ongoing replacement program assures the availability of parts.

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Vehicle Utilization

Environment

The fleet of vehicles and equipment the Vehicle Maintenance Division is responsible to maintain is comprised of 1230 units. These were the only City vehicles that were included in the study area. The vehicles assigned to the Water Pollution Control Plant, the Fire Department, and the Airport were not included in the study at this time (this represents 319 additional units). These vehicles are not under the maintenance responsibility of the Vehicle Maintenance Division at the present time.

Table 1 provides the current number of units associated with each general category and the capital investment associated with each group maintained by the Vehicle Maintenance Division.

The analysis of vehicle utilization was limited to the passenger fleet. A large percentage of the vehicle fleet is comprised of general and special purpose units. These include dump trucks, aerial units, utility vehicles and forklifts. Each of these units are work vehicles and have a specific job application. To evaluate utilization of these types of vehicles would require additional study time and resources.

The information gathered was obtained from MAINSTEM — computerized reporting, the fleet management system used by Vehicle Maintenance, interviews with City personnel, and financial data from the Finance organization.

The mileage accumulated on 125 of the 130 passenger vehicles over a nine month period was reviewed. Of the 125 vehicles, 73 are permanently assigned to City personnel, while 52 are in a pool for shared use. The 73 assigned vehicles averaged 540 miles per month. The 52 pool vehicles averaged 558 miles per month.

The City has established a criteria for obtaining a permanently assigned vehicle. It states, "Assignment of 8 hour sedans will be limited to those individuals who consistently drive more than 500 miles per month on City business and are away from their primary duty stations more than four hours a day." Fifty-five percent, or 40 of the assigned vehicles, fell below the 500 miles per month criteria.

Utilization of vehicles assigned to the pool was also reviewed. One-half, or 26 of the pool vehicles, fell below 500 miles per month. In a one week sample, only 27 pool vehicles were used and charge slips processed.

Reimbursement expenses for one month were also reviewed. Employees using their personal vehicles on City business accumulated 128,000 miles during March 1980. A total of 316 expense vouchers (representing 316 individuals) were processed, which included in excess of 3,000 trips. The average reimbursement was for 405 miles. Sixty-six employees (21%) were reimbursed for between 500-1000 miles during the month. Twenty-six employees (8%) traveled in excess of 1000 miles during the month.

Table 1

	No.	Cost
Passenger Vehicles	130	\$ 540,000
General Purpose	339	2,400,000
Special Purpose	127	2,300,000
Police (including motorcycles)	459	2,500,000*
Other equipment (pumps, generators, trailers, etc.)	175	300,000
Totals	1230	\$8,040,000

*Includes estimated value of leased vehicles

Evaluation

The criteria which was established for permanently assigned vehicles is not being met by 55% of the vehicle users, based on projected usage of 500 miles per month. Once a vehicle has been assigned, the usage is not reviewed. A report is distributed by Vehicle Maintenance to the user groups that identifies usage on a monthly basis, but no individual or organization within the City is held accountable to manage or enforce the criteria. Nor are there any policies or procedures established for reviewing mileage to ensure that vehicles are efficiently utilized or to determine whether they meet the established criteria.

The mileage that accumulates on permanently assigned vehicles or pool vehicles does not appear to justify the retention of all the vehicles. A reduction in the number of vehicles available would reduce capital expenditures, reduce overall maintenance expenses, and increase utilization.

Based on the nine month analysis, the number of vehicles in the pool far exceeds the demand. Indications are that there has never been a situation where vehicles in the pool were completely signed out. City personnel seldom make reservations for pool vehicles.

The City's entire passenger fleet averages 68,000 miles per month. The City reimburses employees for use of their personal vehicles on City business an average of 128,000 miles per month. The total number of miles traveled on City business averages 196,000 miles per month. Mileage reimbursement accounts for 65% of the total miles traveled.

The City currently reimburses employees for the use of their personal vehicle on City business at 26¢ per mile. This reimbursement apparently makes it attractive for personnel to use their own vehicle instead of a City vehicle. Consideration should be given to providing City vehicles to personnel who consistently accumulate 1,000 miles or more per month on their personal vehicle on City business.

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Recommendation

To improve utilization, the criteria for retaining a permanently assigned vehicle should be increased from 500 miles per month to 750 miles per month. If this change occurred, 50 of the 73 assigned vehicles would be placed in a pool for shared use.

Steps should be taken to implement a plan for reduction of the passenger fleet. It appears that 20% of the fleet could be reduced in a relatively short period of time. This reduction could be accomplished by removing 26 vehicles from the fleet. This would represent \$20,800 salvage value (@ \$800 ea.), approximately \$29,250 first year savings in maintenance cost, and @ \$5,000 per vehicle, a replacement cost savings of \$130,000.

All existing permanently assigned vehicles should be reviewed to determine the validity of the assignment.

Management point of control and lines of accountability must be established to ensure that management monitors utilization on a frequent basis. The criteria should be met or a vehicle should not be retained. The Department Managers involved should designate someone with the organization to monitor usage. The report distributed by Vehicle Maintenance can be used for the review. Each Department should be required to justify retention of any vehicle not meeting the criteria to the Management and Budget Office. This should be done on an annual basis.

The possibility of re-evaluating the criteria for 24-hour assignments may prove beneficial. Twenty-eight positions are authorized by the Administrative Manual to use a City vehicle on a 24-hour basis. In connection with the reorganization, this number will increase from 28 to 40. A study should be conducted to determine if the criteria should indicate that assignments be made on usage only and limited provisions for position assignments.

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CONTRACT SERVICES

Duplicating Services

Facts

A survey of the copying capabilities for the City indicates the following:

● Source of Activity	Copies/Month	Cost/Month	Cost/Copy
Convenience Copiers	750,350	\$21,853	0.029
Quick Copy Center (Includes labor)	103,400	3,050	0.029
Print Shop (Includes labor)	606,550	10,200	0.017
	1,460,300*	\$35,103	0.024

*The following equipment (nonconvenience copiers) is not included in the above figures:

Off-set Press — Police Dept.	125,000	Copies/Month
Off-set Press — Library	60,000	Copies/Month
Mimeograph — Parks & Rec.	10,000	Copies/Month
Mimeograph — Fire Dept.	25,000	Copies/Month
Total	220,000	Copies/Month

- Scattered throughout the City are 40 convenience copiers. Listed below are the locations, volume of usage, and costs. These copiers are operated by departmental personnel.

Department	No. Copiers	Approximate Copies/Month	Cost/Month
Airport	4	21,000	\$ 876
City Attorney	1	23,900	778
City Clerk	1	35,600	901
Convention Center	2	10,800	312
City Manager	1	77,400	1,200
Finance	1	20,000	238
Fire Department	1	25,000	N/A
Library	1	26,000	669
Parks & Recreation (Civic Center)	1	29,000	669
Parks & Recreation (Misc. copiers: Alum Rock Park, Fine Arts Office, etc.)	4	16,600	639
Personnel	1	28,700	639
Property	2	27,200	1,021

Department	No. Copies	Approximate Copies/Month	Cost/Month
Planning	1	52,900	1,096
Public Works (City Hall)	4	83,400	2,500
Public Works (Corp Yards)	4	30,900	4,535
Police Department (201 W. Mission)	7	227,600	5,100
Police Department	4	14,350	680
Totals	40	750,350	\$21,853

- The City operates a *Quick Copy Center* on the first floor of City Hall. The work load originates from Printing Requisitions submitted by using departments or from the Print Shop. Upon completion of the requested job, the requisition is priced out and charged back to the requesting department.

- Personnel: One Off-set Operator. (40 hours/week)
- Equipment: A & M 2850 (consists of plate maker, press, collator)
- Volume for the month of March 1980 was:

No. Jobs	No. Originals	No. Copies	Production Hours	Cost
97	1725	103,400	142	\$3,050

- The Print Shop for San Jose is located at the City Warehouse on Las Plumas Drive. It is part of the Purchasing Department of the City. The work load originates from printing requisitions submitted by using departments. The Print Shop acts as a screening point to determine if job is to be run in-house or sent to outside vendor. If run in-house, the printing requisition is priced upon completion of job and charged to department. If run outside, there is either an open purchase order or an individual purchase order written for the particular job.

- Personnel: One Senior Off-set Operator
Two Off-set Operators (three authorized in budget)

Note: Personnel work — 40 hours/week

- Equipment:
 - 3 off-set presses for general work
 - 1 off-set press for envelopes (small runs up to 5,000)
 - ITEC plate maker for short run paper plate (approximately 2,000)
 - Photographic capabilities for long run metal plates (i.e., camera, dark room, retouching table, Nu-Arc plate burner, etc.)
 - 30-station collator
 - 2-folders
 - 2-auxiliary stitchers
 - 1-cutter
 - Bindery (i.e., padding equipment, spiral binding equipment, drill, heavy duty stitcher, work tables, etc.)
 - Shrink wrapping equipment
 - File for Masters/Plates/Negatives

- The use of outside vendors for printing is minimal, and is limited primarily to the following items which cannot be done in-house due to specialized equipment requirements.

- Multi-color work
- Business Cards
- Bulk orders for envelopes
- Numbered forms
- Carbon set forms
- Blueprint overload
- Typesetting
- Special binding jobs
- Letterhead (multi-color work)

DISCUSSION/FINDINGS/ RECOMMENDATIONS

General

The Reprographic activities of San Jose are part of the Purchasing Division, which in turn is part of the General Services Department of the City. Reprographic needs of a city are different in some respects than that of a profit-making corporation. Specifically, the different centers around the corporation requiring product-related printed materials ranging from labels, printed instructions, marketing brochures and other miscellaneous items. These kinds of printing needs do not exist in the City since this City's product is "service" to citizens of the community rather than a tangible product.

All of the other reprographic needs of a corporation, such as Syntex, General Electric or IBM are similar to the City's needs, and these include:

- Training manuals
- Policies and procedures manuals
- Engineering specifications and prints
- Copy service for letters/documents

San Jose City people and their functions are spread out geographically. While most of the people are centered in the City Hall, others are spread throughout the City in such diverse locations, as for example, the Airport, the libraries, and the Parks & Recreation facilities.

This decentralization poses a logistical problem for a central reproduction center, and so San Jose is currently utilizing convenience copiers scattered throughout the various City buildings. Convenience copiers are budgeted and paid for by using departments. Supplies and paper are provided by Central Stores and charged back. These copiers are operated by the various personnel in the area of their location. They supplement the service provided by:

- Quick Copy Center in City Hall
- The Print Shop at Las Plumas Drive in San Jose

Numerous personnel were interviewed throughout the City departments to determine how they felt about the reprographic service now provided. Locations contacted included the Police Department, City Manager's Office, Office of Management and Budget, Finance Department, the Department of Public Works, and the Parks & Recreation Department. In general, City personnel reported that the quality of copy was satisfactory. The main concern was the slowness in response time from the Print Shop and the Copy Center in City Hall. Another concern was the lack of ancillary services from the Copy Center, such as stapling and hole punching. The slowness in response tends to make the using departments want to have their own convenience copier in their own area.

Convenience Copiers

Interviews with the majority of City departments indicate there are sufficient convenience copiers (40) spread throughout the City to handle departmental needs. The largest of the copiers is located next to the City Manager's Office. This copier generated 77,360 copies during March, which is far in excess of what should be generated in a convenience type

setting where 15-20,000 copies/month are in order. In addition, this copier does not provide automatic document handling or stapling, and there is considerable paper jamming with the collation attachment. The copier currently provides service for the City Manager's Office and the Office of Management and Budget. The high volume reflects "misdirected" labor. The bulk of the work on the copier should be done in a production shop such as the Quick Copy Center.

Based on interviews throughout the City with various departments, it also appears that in most cases, the locations picked for the convenience copiers are convenient for the users. Copy cost varies considerably, however, as you compare usage on the 40 units. Cost/copy ranges from \$0.123 on a copier in the Public Works yard at 5090 William Road (1,367 copies/month) to \$0.015 on a different copier in the Police Department (1st floor lobby) — (35,071 copies/month). Average copy cost on convenience copiers in the City is running at \$0.029.

An analysis of usage on all copiers throughout the City indicates that the usually high volume* on a number of them points to departmental staff over-using the local convenience copier instead of taking the order to the Quick Copy Center in City Hall. This is a tough issue, for the secretary or staff person running the copies on their own convenience copier is weighing the closeness and convenience of their unit and its slower machine time *with* having to take the copy order to the Quick Copy Center in City Hall. The travel time (to and from the Copy Center), plus the time required to get the copy job printed, often discourages the City employee from using the Copy Center. Each City department head should encourage their staff to utilize the Quick Copy Center on all orders where more than 25 copies per master are needed. The convenience copiers' speed is not geared for large copy volume.

Recommendations on Convenience Copiers

No change in location or number of existing convenience copiers is recommended. They are serving a necessary purpose.

Three (3) copiers now on a monthly rental basis should be set up on a lease/purchase plan which is less expensive. This will reduce copy cost on these particular units.

*In excess of 20,000 copies/machine/month.

The City should adopt a policy for all departments whereby multi-copy work (more than 25 copies/original) and two-sided copy work should be sent to the Quick Copy Center. This will reduce copy costs by taking copy volume off of the slower convenience copiers scattered throughout the City Departments.

Relocate the large copier (next to City Manager's Office) to the Quick Copy Center. Relocate one (1) of the smaller copier's from Public Works (Room 300) of City Hall to replace the large copier. The large copier will increase the capacity of the Quick Copy Center for copy work service and will attract more work to the Center.

Quick Copy Center

The Quick Copy Center now located on the first floor of City Hall is set up to do high volume copy work for the City Departments. However, the Center provides only basic copy work from the A&M 2850 off-set machine, and does not provide stapling, hole punching, or do much two-sided copy work due to the complicated handling of two-sided copying on the 2850.

Copy cost for the Quick Copy Center averages \$0.029 per copy. The cost is high because the copy volume is low; City employees are not making good use of the Copy Center. If more copies were transferred from convenience copiers and given to the Copy Center, average copy cost for the City could be reduced. As an example, if the current monthly volume in the Copy Center of 103,400 copies could be increased to around 200,000 copies/month, the copy cost would drop substantially to around \$0.015/copy.

Ideally, the Quick Copy Center should do high volume copy work and have the capabilities of: collating, stapling, hole-punching, reduction of originals, and most importantly, provide rapid turnaround for all jobs. Without the last item, City Departments will not send work to the Center, but will tend to do long-run work on convenience copiers and thus drive up the average copy cost. Automatic two-sided copying is quite important also for it saves on paper cost and postage. Copies per original at the Copy Center should be a minimum of 26. The Copy Center location should be as close to the center of the City Hall complex of buildings as possible in order to

make it convenient for access. Its present location at the extreme east end of City Hall on the first floor is not the most central location.

Recommendations for Quick Copy Center

Relocate the Copy Center nearer the center of the City Hall complex. Close proximity to a loading dock for receipt of supplies, and to building elevators in City Hall for personnel movement would improve its operation.

Supplement the present A&M off-set press with new high-speed equipment. Bring in on a trial basis.

Equip the Copy Center with a free-standing jogger/stapler, and a paper drill.

Relocate the large copier from the City Manager's Office area to the Copy Center and use it as a support copier in this controlled area.

Add an additional copy operator for the Copy Center, making a total of two to provide continuous service at the Center. The key to the success of the Center is quick response on copy service.

Print Shop

The Print Shop for San Jose does copying where good off-set quality and high volume are required. The shop has the capability of making either metal and/or long run paper plates. Their bindery capabilities include folding, padding, spiral binding, cutting/trimming, and shrink wrapping of finished printing. The volume of copy work (606,552 copies) during March of 1980 resulted in an average cost of \$0.017/copy, which is quite reasonable in contrast to the Quick Copy Center cost of \$0.029/copy.

The location of the Print Shop at Las Plumas Drive has good and bad points. The disadvantage of the location is the remoteness of the location to its users and the time lag that results in processing orders. It is proper to comment, however, that the speed in "getting out" orders is a function of:

- The courier service cycle (only 1 trip/day) between City Departments and the Print Shop
- The personnel available at the Print Shop—currently under-staffed
- The shop production hours — one (1) eight hour day shift

- The overtime policy — overtime is normally not used
- Supervision — the manager of Purchasing also acts as Supervisor for the Print Shop personnel. There is no regular Supervisor who concentrates full-time on Print Shop activities.

The advantage of the Print Shop location is its proximity to the Warehouse. This provides immediate access to printing supplies, and regularly stocked printed items can be run and shelved easily in the Warehouse.

The Print Shop is limited as to some types of service primarily because of the special equipment needed. These jobs which are contracted out include multi-color work business cards and other special requirements as listed in the "Facts" section of this report. The special equipment requirement and the low volume need for most of these items does not financially justify having the City "gear-up" to do the work themselves.

The Print Shop does no blueprinting of engineering drawings. The Public Works Department (primary creator of engineering drawings) has a *Bruning-Metem 625* blueprint machine on the third floor of City Hall which handles much of the City's routine drawing needs. Very large orders, special paper, or linen surface requirements for drawings go out on contract services to San Jose Blue Print Company. The Airport and the Parks & Recreation Department each maintain a small blueprint machine to handle their own routine print needs. The Public Works Department is very satisfied with print service from San Jose Blue Print; one (1) day service is provided on most of the orders sent outside. The style of maintaining limited blueprint service inside the City, coupled with going outside for large orders or special paper needs makes sense. "Quick service" on all orders, large or small, is the driver, and the present system satisfies that need. There appears to be no justification for sending additional duplicating work outside beyond blueprint overload and the miscellaneous work going out from the Print Shop as itemized in the Facts section of this report.

In the private sector, blueprint (or white-print) work is normally performed by the company reproduction department and not

by a using department such as in the case of Public Works doing their own printing. It might be feasible to consolidate all blueprint service for the City under Purchasing, including the labor of one operator now being used in the Public Works Department.

Recommendations for Print Shop

Maintain present level of outside contract services for City printing work.

No change in existing equipment is recommended.

No change in location of Print Shop is recommended.

Increase frequency of courier service from one to two trips/day.

Improve communications between Print Shop and users regarding scheduling, quality of work and variety of services available.

Assign a full-time experienced Reproduction Supervisor at the Print Shop to be in charge of *all* reproduction work for the City.

Increase number of off-set operators to budget level (+1). *Note:* This recommendation was accomplished prior to completion of the study.

RECOMMENDATION/ ANALYSIS

The key factors under consideration for Duplicating Services are convenience, quality and cost.

Convenience

There is no doubt that the location of some 40+ convenience copiers scattered about San Jose provide easy access to employees for quick service ("do it yourself") on *small* copy orders. This plan is working.

The Quick Copy Center is located at an inconvenient location in City Hall, and is under-utilized by City employees. The basis for the low volume of copy is essentially due to employees believing that *service is too slow*. The Quick Copy Center is not really "*quick*." This image of the Copy Center needs to change.

The trial installation of a large duplicator for 3-4 weeks should speed up the job operation substantially. One (1) additional operator at the Copy Center will also help to continuously

provide *quick* turnaround service for all City employees.

The Print Shop can improve its image of providing expeditious printing service by 1) staffing to budget as soon as possible, 2) making two courier trips/day instead of one, and 3) retaining a full-time Supervisor for all reproduction work in the City. The Supervisor's job will be to focus *full-time* on the response time for orders and the quality of printing for City employees.

Quality

Very few complaints were surfaced in the survey of City employees regarding the quality level of printing and copy work. In fact, it was considered to be quite good. The printing and copy personnel are to be commended in this respect.

Costs

Convenience copiers in San Jose are serving a useful purpose, but they are not being used correctly. The high volume on many of the machines should be transferred to the Quick Copy Center where it could be done much more economically. The present average cost on convenience copiers is running \$0.029/copy, and this *does not* include labor. The industry average on convenience copiers is estimated to be \$0.025/copy or 13% lower.

The Quick Copy Center could produce copy most economically and do it very quickly with the installation of a large duplicator. The average copy cost would be \$0.019. This figure is based on a volume of 236,533 copies/month and includes labor. The increase in copy at the Quick Copy Center is 133,133 copies (103,400 + 133,133) which represents a 40% volume transfer of the existing load on ten of the forty convenience copiers in the City.

Driving copy cost down is an important cost issue, but it is not the only issue. The hidden cost of all the extra delay time for secretaries and staff personnel using slow convenience copiers is a major factor to be considered in looking at the present mode of operation. A fast, central Quick Copy Center is economical, and will also accomplish the following:

- Provide a net savings of \$427/month on use of convenience copiers (reduces volume of higher copy cost on outlying copiers)

as based on the 40% volume transfer from 10 copiers. (See Appendix.)

- Provide a cost avoidance of approximately

\$5,000/month of labor savings for City personnel who now use convenience copiers throughout the City.

COST AND SAVING SUMMARY

Recommendations

Cost/Savings Impact

Convenience Copiers

No change in location or number of convenience copiers is recommended. They are serving a necessary purpose.

None

Three (3) copiers now on a monthly rental basis should be set up on a lease/purchase plan which is less expensive. This will reduce copy cost on these particular units.

Savings: \$154/month

The City should adopt a policy for all departments whereby multi-copy work (more than 25 copies/original) and two-sided copy work should be sent to the Quick Copy Center. This will reduce copy costs by taking copy volume off of the slower convenience copiers scattered throughout the City Departments.

Savings: (See 2nd ¶ under Quick Copy Center)

Relocate the large copier (next to the City Manager's Office) to the Quick Copy Center. Relocate one copier from Public Works (Room 300) of City Hall to replace the large copier in the City Manager's Office. The large copier will increase the capacity of the Quick Copy Center for copy work service and will attract more work to the Center.

Move Cost: \$200. (1 time)

Quick Copy Center

Relocate the Copy Center nearer the center of the City Hall complex. Close proximity to a loading dock for receipt of supplies, and to building elevators in City Hall for personnel movement would improve its operation.

Move Cost: \$3,000. (1 time)

Replace the present A&M off-set press with new high speed duplicating equipment. Bring in the duplicator on a trial basis, and rent machine for 1 year.

Net Cost: \$1,588/Month
Net Savings: \$1,477/Month*

Equip the Copy Center with a free-standing jogger/stapler, and a paper drill

Cost: \$1,000. (1 time)

Relocate the large copier from the City Manager's Office area to the Copy Center and use it as a support copier in this controlled area.

Cost: (See 4th ¶ under Convenience Copiers)

Better utilize existing copy personnel and locate an additional copy operator at the Copy Center, making a total of two (2) to provide continuous service at the Center. The key to success of the Center is quick response and flexible capabilities on copy service.

None (Use existing reproduction staff from Print Shop or Library)

*Includes rent, supplies and materials (based on copy volume of 236,533/month).

Recommendations**Cost/Savings Impact****Print Shop**

Maintain present level of outside contract services for City printing work.

None

No change in existing equipment is recommended.

None

No change in location of Print Shop is recommended.

None

Increase frequency of courier service from one to two trips/day).

None (Use existing staff & combine deliveries of mail and prints)

Improve communications between Print Shop and users regarding scheduling, quality of work and variety of services available.

None

Assign a full-time experienced reproduction Supervisor at the Print Shop to be in charge of *all* reproduction work for the City.

Cost: \$2,167/Month

Salary Base \$20,000/Year

Fringe — 30% \$ 6,000/Year

Increase number of off-set operators to 1979-80 Budget level (+1).

Cost: None (already accomplished prior to study completion)

Cost Totals:

One-time Costs \$4,200

Monthly Savings 1,477

Monthly Costs 3,725

(\$26,976/Year) added net monthly costs . . . \$2,248

Note: By gradually transferring an additional copy volume of 204,000 from convenience copiers to the Quick Copy Center, a break-even point can be achieved. This would mean that the new monthly volume totals in the City would be:

	Old	New
Convenience Copiers	750,350	413,217
Quick Copy Center	103,400	440,533
Print Shop	606,550	606,550
	1,460,300	1,460,300

General

In addition to the cost and savings data outlined above, there are a number of other economic considerations and benefits through establishing a well-organized Central Copy Service Program. These include:

- Improved utilization of secretaries and staff personnel time (2%) who now use slower convenience copiers throughout the City (estimated cost avoidance — \$5,000/month)
- More two-sided copy will be run through use of a high-speed duplicator at the Copy Center. This will reduce paper, postage and storage costs where applicable.
- General improvement anticipated in copy quality from using a high-speed duplicator in lieu of smaller convenience copiers — “better looking” documents
- Improved communications between General Services and other City Departments

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

City Coordinator

Sally Reed — Deputy City Manager, Administrative Services

Project Member

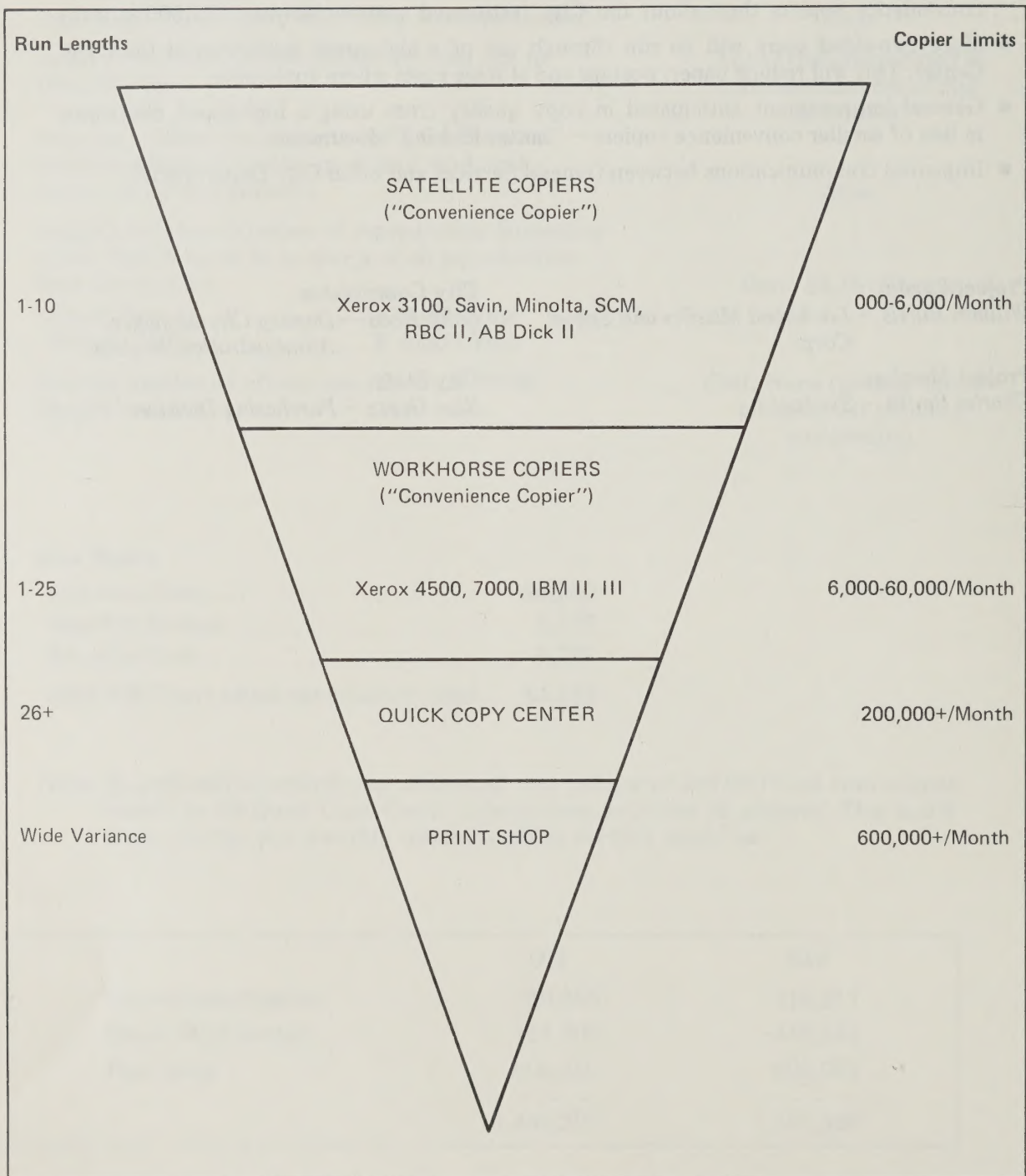
Charles Smith — Syntex

City Staff

Sam Gaetz — Purchasing Division

APPENDIX A

Diagram of In-House Reprographic System



Definitions for In-House Reprographics

Satellite Copiers

Should be used in LOW VOLUME AREAS, where there is call for minimal number of copies per original. These copiers are usually the most expensive per copy with their slow speed. Usual run lengths are from 1-10 copies with a total of 1,000-3,000 per machine/month.

Workhorse Copiers

Should be used in MODERATE VOLUME AREAS where over 3,000 copies per month are needed. These copiers, depending on the model, can handle volumes up to 60,000 per month. Copies per original should not exceed 25. Cost is moderate with many options, i.e., collators, document feed assist, two-sided copying is possible but is clumsy and time consuming.

Quick Copy Center

Should do high volume copying for the entire site and have the capabilities of: collating, stapling, hole punching, reduction of originals, and most important provide RAPID TURNAROUND time for jobs. Automatic two-sided copying is most important as well — saves paper and postage. Copies per original should run a minimum of 26. Location should be central to provide easy access to the users.

Print Shop

Should do high volume copying for site where offset quality and long run lengths are needed. They have the capability of making either metal and/or long run power plates (includes dark room, camera, light table, etc.). Their bindery wrapping capabilities include folding, padding, spiral binding, cutting/trimming, and shrink wrapping of stock items.

The print shop is limited as to some of the jobs: Color work, any forms which need carbon, any forms which have to be serially numbered, business cards (gold embossing, etc.), certain types of letterhead, etc. All must be done outside.

Analysis for Transferring Load from Convenience Copiers to Quick Copy Center

Current Cost

Selected Equipment

Location	Equipment	Volume	Cost
City Attorney 151 N. Mission Health Bldg.	4500	23,895	\$ 778
City Clerk 1st Floor 801 N. First	4500	35,624	\$ 901
City Manager 4th Floor 801 N. First	7020	77,360	\$1,184
Library 180 W. San Carlos	4000	26,000	\$ 669
Personnel 2nd Floor 801 N. First	4000	28,666	\$ 696
Property/OMB 1st Floor 801 N. First	3100	8,761	\$ 274
Property & Code Annex 2nd Floor 801 N. First	4500	18,412	\$ 699
Planning Department Annex 4th Floor 801 N. First	4500	52,846	\$1,096
Public Works Room 300 801 N. First	4500	31,769	\$ 825
Public Works Room 300 801 N. First	4500	29,501	\$ 801

Projected Cost: 30% Volume Transfer

Selected Equipment

Location	Equipment	Volume	Cost	Monthly Savings
City Attorney 151 N. Mission Health Bldg.	4500	16,727	\$703	\$ 75
City Clerk 1st Floor 801 N. First	4500	24,937	\$790	\$ 111
City Manager 4th Floor 801 N. First	7020	54,152	\$989	\$ 195
Library 180 W. San Carlos	4000	18,200	\$588	\$ 81
Personnel 2nd Floor 801 N. First	4000	20,066	\$607	\$ 89
Property/OMB 1st Floor 801 N. First	3100	6,133	\$225	\$ 49
Property & Code Annex 2nd Floor 801 N. First	4500	12,888	\$558	\$ 141
Planning Department Annex 4th Floor 801 N. First	4500	35,992	\$931	\$ 165
Public Works Room 300 801 N. First	4500	22,238	\$726	\$ 99
Public Works Room 300 801 N. First	4500	20,651	\$709	\$ 92

Total Savings	\$1,097
Incremental 9400 Cost Volume: 99,850 copies	771*
Net Savings	<u>\$ 326</u>

*This is the additional meter & supply cost for running 99,850 copies on the 9400 which is over and above costs for work now being sent to Quick Copy Center.

Above calculations include equipment, paper, toner, developer and fuser oil.

Projected Cost: 40% Volume Transfer

Selected Equipment

Location	Equipment	Volume	Cost	Monthly Savings
City Attorney 151 N. Mission Health Bldg.	4500	14,337	\$679	\$ 99
City Clerk 1st Floor 801 N. First	4500	21,374	\$753	\$ 148
City Manager 4th Floor 801 N. First	7020	30,944	\$924	\$ 260
Library 180 W. San Carlos	4000	15,600	\$561	\$ 108
Personnel 2nd Floor 801 N. First	4000	17,200	\$577	\$ 119
Property/OMB 1st Floor 801 N. First	3100	5,257	\$198	\$ 76
Property & Code Annex 2nd Floor 801 N. First	4500	11,047	\$507	\$ 192
Planning Department Annex 4th Floor 801 N. First	4500	31,708	\$876	\$ 220
Public Works Room 300 801 N. First	4500	19,061	\$693	\$ 132
Public Works Room 300 801 N. First	4500	17,701	\$678	\$ 123

Total Savings	\$1,477
Incremental 9400 Cost Volume: 133,133 copies	1,050*
Net Savings	\$ 427

*This is the additional meter and supply cost for running 133,133 copies on a 9400 which is over and above costs for work now being sent to Quick Copy Center.

Above calculations include equipment, paper, toner, developer, and fuser oil. Labor is not included.

Architectural & Engineering Design

Facts

The responsibility for architectural engineering falls under the Department of Public Works. Within Public Works there is a section called Architectural Engineering with a current budgeted headcount (1980-81) of 52. The section is headed by a principal civil engineer (manager) and is divided into four groups as follows:

- Architectural planning and design.
- Structural design.
- Mechanical/electrical design.
- Landscape architecture planning and design.

Each of the four groups has a lead engineer or architect in charge. Architectural engineering serves as a key step in the implementation of the City's capital improvement program.

The objectives of architectural engineering (as stated in the 1980-81 proposed program budget) are:

- Master Plan and design of 85 architectural engineering projects valued at \$19,124,100 in accordance with the capital improvement budget.
- Administer and inspect 88 architectural engineering projects valued at \$18,713,967.
- Administer 12 capital maintenance projects valued at \$1,242,000.
- Reduce the consumption of British Thermal Units (Btu's) by 5% or to 86,000 units of energy per square foot of building space.

Budgeting for design and construction of City facilities is based on estimates that are submitted by Architectural Engineering for the annual capital improvement program. All estimating is done in-house and occurs as a result of requests from the various sponsoring departments in the City. For example, the City Librarian decides to seek approval for building a brand new library in East San Jose. At the request of the City Librarian, Architectural Engineering makes a cost study evaluation and provides the necessary cost data for submission in the next yearly capital improvement budget.

Funds approved in one fiscal period for capital improvements cannot be automatically carried forward into the next period. It is necessary for the sponsoring department to re-submit and rejustify projects (not yet committed) to the City Council for approval in the next fiscal period.

Outside architects and engineering consultants are used substantially (when the scope of a design job is major (\$500,000 up) in size). Occasionally an outside consulting engineer is brought in on smaller jobs where unusual talent is required, such as soil testing.

The basic services provided by Architectural Engineering include: preparation of design plans, specifications and cost estimates; administration of construction contracts and inspection of construction; landscaping improvements include the landscaping for City parks, buildings, streets and urban malls.

Discussion and Conclusions

The major source of work for Architectural Engineering is the capital improvement program which is developed each year for San Jose. Once the fiscal budget for the City is approved by the City Council, Architectural Engineering must then extract and itemize all capital projects which require design service. This list of projects constitutes the bulk of the work load for the year ahead. The items in the budget are already known to Architectural Engineering through their collaboration with sponsoring departments in estimating the cost level of each project in the proposed budget. The present procedure of how the work load is defined is working satisfactorily. There is a definite spirit of cooperation between Architectural Engineering and the other departments in the City.

The design work load has been climbing steadily over the past three years. As an example, the following is cited:

1978/79 - 48 projects totaling \$	6,815,618
1979/80 - 62 projects totaling	\$14,579,410
1980/81 - 85 projects totaling	\$19,124,100
	(estimate)

This sharp increase in dollar value has been brought about partly by an increase in work load, but also because of the inflationary trend (20% per year) in construction costs. The City has kept its work force about the same size, however, by shifting more work to contract personnel.

Architectural Engineering Headcount

1978/79	52
1979/80	45
1980/81	52

A difficulty which handicaps City management in general is the policy of not being able to work employees overtime. In interviews with the senior supervising architects and engineers, it became apparent that they do not have the option to ask an employee to work overtime. If there is a tight schedule on an in-house design job, the designer may be asked to work extra hours for which he may take compensatory time off at a later date. In an organization with an understaffed work force (such as existed in 1979/80 for Architectural Engineering) and a heavy work load, compensatory time off is not a good solution for payment of working extra hours.

In many private industries and in design consulting firms, a system of comparing estimated (standard) man-hours required on projects versus actual man-hours is used in order to schedule work load and also evaluate the efficiency of performance of the department. The Task Force study team can find no such system in existence in Architectural Design and has some concern in this area because of a sense of "not knowing" whether there is a reasonable *fit* between the work level capability of the department and their work load. More work needs to be done in this area of measuring work performance.

- For the past two years, the City has been using a computer program called PC-70 to collect and monitor financial information on the capital improvement program. This program should be enlarged to schedule requirements for the different phases of work. This computer application will provide all cognizant City personnel with a timely update on project status and will highlight any *behind schedule* areas for corrective action.

In evaluating the performance of San Jose in a business sense, one might say that the

evaluation depends on *customer satisfaction* in the same fashion as it does in private industry. While the private sector of business has a profit motive to work with, the City does not, and to some degree this bears on management and employee motivation. In a nonprofit agency, motivation must come from other factors than making a profit for the "company." These factors or management tools are available to City management as well as to private sector managers and include: recognition, job rotation, job enrichment, promotions, *merit* increases in salary, a good match between work content and the employees' natural talents. In the opinion of the Task Force study team, the management of Architectural Engineering is doing an excellent job of supervising the personnel under present City policies. The customers of Architectural Engineering, who are the other departments in the City, generally agree that they are satisfied with the support they receive. One of the great time-consuming ingredients for most of the Architectural Engineering projects is the amount of meeting and negotiation time that is taken between the design department and the various customer departments throughout the City, plus time also taken on certain projects with the public sector (such as in neighborhood park design). This "meeting business" substantially increases the time required to complete projects and also increases costs. The issue of doing design work in-house versus outside contract design was discussed thoroughly with numerous engineering personnel. The consensus by City engineering personnel that ran through most of the interviews held that routine and minor design work was logically to be done in-house by staff personnel who have an intimate working knowledge of the facilities, and major design jobs (\$500,000 and up—total cost of the project) would be sent out in order to minimize the work impact on the Architectural Design section. A review of the ratio of design work inside versus contract design follows:

Year	% of \$ of Architectural Design Work Contracted Out
1978/79	51%
1979/80	68%
1980/81 (estimate)	73%

The upward trend on work contracted out is a reflection of the work load increase, the static level of the number of personnel within Architectural Engineering, the City's overtime policy, and the inflationary trend in construction costs.

A comparison with other cities, as shown in Table 1, reveals the architectural engineering design practices for 1980.

On a pure statistical comparison, it would appear that Phoenix has the greatest productivity in terms of design dollars per employee at \$1,290,323 as compared to the Seattle figure of \$454,545 per employee. Phoenix is also the highest in terms of projects/employee (4.8) as compared with Seattle with only 1.4 projects/employee.

Each of the four cities represented has an Architectural & Engineering Design Division. The significant difference among the cities, however, in their mode of management is that Seattle, Phoenix and San Diego have moved toward having virtually all of their design work done by outside consultants. In the cases of Seattle and Phoenix, their experience has been that *all* design work goes out (95% out) and all inspection stays in (95% in). The smaller A & E work forces inside the cities focus on inspection and coordination work with the outside people and occasionally do minor engineering design (5% in). According to the A & E managers of Seattle and Phoenix, the advantages of using outside architects and engineers include:

- Variety and innovation on building designs.
- Takes care of peaks and valleys in A & E design work load in lieu of adding/dropping City personnel.

- Reduces overhead for City (e.g., fewer personnel on City payroll).
- Increase in productivity (e.g., outside consultants with profit motive move a higher volume of design work per man-hour).

The total annual personnel costs for operating Architectural & Engineering Design in San Jose at the 41 headcount level (for design, coordination of construction and inspection) amounts to:

Base salaries	\$ 882,200*
Overhead @ 30%	264,660
Total annual cost	\$1,146,860

*(See Appendix, page 6)

It appears that San Jose can effect an improvement in their operating costs by shifting the bulk of their A & E design load to outside contract services as has been done in other major U.S. cities.

Would it be cost effective and does it make economic sense to contract out 95% of all design work? Based on the information received from other cities similar in size to San Jose, it might make sense. In order to determine this, we have looked at the ratio comparisons of design load in dollars per A & E employee. As a result, the following headcount totals materialize:

- Present San Jose A & E Design & Inspection staff totals 41
- Using San Diego data: San Jose's A & E staff should total \$19,100,000/\$520,833 = 37
- Using Seattle data: San Jose's A & E staff should total \$19,100,000/\$454,545 = 42
- Using Phoenix data: San Jose's A & E staff should total \$19,100,000/\$1,290,323 = 15

Table 1

	Design & Inspection Employees	No. of Design Projects*	Projects/Employee	% of Design Dollars Contracted Out	Total Capital Design Budget**	Total Capital Design Dollars/Employee
Seattle	22	30	1.4	95	\$10,000,000	\$ 454,545
Phoenix	31	150	4.8	95	40,000,000†	1,290,323
San Diego	48	140	2.9	85	25,000,000	520,833
San Jose	41††	185	4.5	73	19,100,000	465,854

*Includes all projects currently administered either in design or construction phase

**Includes only budgeted design projects

† Approximate

†† Approved budget for entire department is 52

- Using a composite of the data from San Diego, Seattle and Phoenix: San Jose's A & E Design & Inspection staff should total $\$19,100,000/(\$454,545 + \$520,833 + \$1,290,323)/3 = 25$

Taking a position that the Design & Inspection staff of 41 could be reduced to a coordination

team approach, the City could reduce its budgeted headcount from 41 to, say, 25 personnel. Let us now take a look at a possible comparison in operating costs between the current mode versus *all* design work being contracted out.

Cost Picture Now (73% outside design, 27% in-house)

● In-house design and coordination (includes inspection)		
41 budgeted headcount	\$ 882,220	
Overhead @ 30%	264,660	
		\$1,146,860
● Outside design cost—capital budget now outside		
\$13,916,000 (73%)		
Design cost (A & E)—approximately 10%		\$1,391,600
Present total design cost		\$2,538,460

Possible Cost Picture (95% outside design, 5% in-house)

● In-house coordination and minor design		
25 budgeted headcount	\$ 566,650*	
Overhead @ 30%	169,995	
		\$ 736,645
● Outside design cost—capital budget outside		
\$18,145,000 (95%)		
\$13,916,000 (73%) design cost (A & E)—approximately 10%		1,391,600
\$ 4,229,000 (22%) design cost (A & E)—approximately 15%		634,350
		\$2,762,595

Loss $\Delta = \$224,135/\text{year}$

The above calculations *do not* support going outside with any additional design load.

*(See Appendix, page 8)

Energy conservation is a major subject of interest in the United States. It is also included in the objectives of Architectural & Engineering Design, to wit: "Reduce the consumption of British Thermal Units (Btu's) by 5% or to 86,000 units of energy per square foot of building space." A brief review was made of the heating, ventilation and air conditioning (HVAC) systems in the main City Hall and in the City Hall Annex.

The systems for the two buildings are quite different from one another. The main City Hall and its HVAC system were created around

20 years ago. The HVAC system is not efficient and is very difficult to balance in terms of air flow. The Annex is relatively new (5 years) and its HVAC system is modern in design and is much more efficient in terms of providing cost effective service.

The City needs to seriously consider a major overhaul on the existing HVAC system for City Hall. While this study does not include an in-depth analysis of costs and savings for such an overhaul, such a study is recommended by an outside HVAC consultant.

Recommendations

Cost/Savings Impact

Overall Schedule Tracking

Enlarge scope of the present PC-70 computer program from tracking only financial data on capital improvement projects to also include milestone schedule dates for each phase of work on projects. Computer printout to be published monthly and to highlight problems such as "behind schedule" work. Administrative Services within Public Works to coordinate input to computer. This system should also extend to *all* Public Works projects (i.e., road and traffic construction projects as well as architectural building projects).

1 Administrative Analyst required to coordinate input to computer:
\$25,000/year cost

Work Load Scheduling

Provide man-hour estimates ("standard" times) required to complete design on all in-house projects. Require same data from consultants who perform outside design work (contract services). Feed estimated job times for each phase of work (plans, specifications, bid, award construction, inspection and acceptance), incorporate all above into overall schedule tracking system as noted in Item above. Development of "standards" or job estimates in terms of time will assist materially in scheduling design work, and will also give a sense of job performance (a comparison of estimated time for work versus time actually taken).

None

Contracting Services

Continue to contract out major design work at approximately 70-75% of capital budget total. This appears to be an optimum level.

None

Paid Overtime

Allow Architectural Design Manager to authorize paid overtime for in-house design work when critical deadlines on design work must be met. This will provide faster response and improved service. Some compensatory time might still be used, but management should allow it only when it will not impact work deadlines.

\$20,000/year cost
(estimate of 3% of personnel hours—
based on 20 personnel)

HVAC

Authorize an outside consultant to make a heating, ventilation and air conditioning study on costs and potential energy savings for an overhaul and upgrade of the HVAC system for City Hall.

\$10,000 cost (estimate)

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

City Coordinator

*Sally Reed — Deputy City Manager,
Administrative Services*

City Staff

Larry Benson — Architectural Engineering Division

Jim Ferguson — Architectural Engineering Division

Joe Kirby — Architectural Engineering Division

APPENDIX A

Architectural Engineering Project List (1980-81)

	No. of Projects	Construction Cost	Design Cost*	Total Cost
Airport	6	\$ 4,117,000	\$ 569,950	\$ 4,686,950
Public Works Yards	3	2,049,000	228,000	2,277,000
Parking	1	150,000	30,000	180,000
Parks and Recreation	63	9,646,592	1,554,800	11,201,392
Community Development Block Grant (CDBG)	13	3,022,238	419,662	3,441,900
Fire	7	1,418,441	115,500	1,533,941
Library	4	132,200	17,500	149,700
CPA Improvements	11	993,365	146,135	1,139,500
Economic Development	6	3,358,000	227,000	3,585,000
Building Alterations	14	481,798	70,000	551,798
Energy Programs	9	307,000	83,000	390,000
Construction Job Carry-Overs	42	9,299,440	759,787	10,059,227
Civic Center	4	1,348,300	112,200	1,460,500
Assessment Districts	2	1,251,842	62,000	1,313,842
	185	\$37,575,216	\$4,395,534	\$41,970,750

*Includes Engineering Design, Architectural Design and Inspection costs (approximately 15% of construction costs).

Comparison of Architectural Engineering Work Done In-House Versus Design Done by Outside Consultants

Year	In-House (No.)	Projects (\$)	Outside (No.)	Projects (\$)	Total (No.)	Projects (\$)
1978/79	41	\$3,310,226	7	\$ 3,505,392	48	\$ 6,815,618
1979/80	35	4,701,160	27	9,848,250	62	14,579,410
1980/81 (Est.)	64	5,184,000	21	13,916,000	85	19,100,000

Department of Public Works: Architectural Engineering (Total Department)

	Budgeted Number/Year		
	1978/79	1979/80	1980/81
Principal Civil Engineer	1	1	1
Senior Civil Engineer	3	2	1
Associate Civil Engineer	3	3	3
Assistant Civil Engineer	4	2	4
Principal Engineer Technician	1	1	1
Engineering Technician IV	11	8	6
Engineering Technician III	6	4	6
Engineering Technician II	2	2	2
Engineering Technician I	2	2	2
Associate Electrical Engineer	1	1	1
Senior Mechanical Engineer	1	1	1
Associate Mechanical Engineer	2	2	2
Senior Architect	1	1	1
Associate Architect	1	1	2
Senior Landscape Architect	1	1	1
Associate Landscape Architect	1	1	1
Assistant Landscape Architect	3	3	3
Assistant Electrical Engineer	0	0	1
Assistant Mechanical Engineer	0	0	1
Mechanical Inspector	0	0	1
Electrical Inspector	1	1	1
Building Inspector	0	3	4
Secretary I	1	1	1
Stenographer Clerk III	2	1	0
Typist Clerk II	2	1	2
Engineering Trainee	2	2	2
Administrative Analyst II	0	0	1
Totals	52	45	52

Architectural Engineering**(Design, Coordination of Construction and Inspection Portion — Present Condition)**

Job Title	No.	Salary Costs
Senior Architect	1	\$ 28,200
Associate Architect	3	76,200
Senior Engineering Technician	3	62,400
Associate Engineering Technician	4	76,000
Engineering Technician II	1	17,300
Senior Civil Engineer	1/2*	14,100
Associate Civil Engineer	2	50,800
Civil Engineer II	3	67,800
Engineering Technician I	3	43,500
Senior Landscape Architect	1	28,200
Associate Landscape Architect	1	25,350
Assistant Landscape Architect	3	67,800
Associate Electrical Engineer	1	25,400
Electrical Engineer II (Inspection)	1	22,600
Mechanical Inspector	1	22,300
Mechanical Engineer II (Inspection)	1	22,600
Building & Landscape Construction Inspectors	9	200,700
Secretary I	1/2*	7,350
Typist Clerk II	2	23,600
Totals	41	\$882,200

*1/2 time charged to design and/or inspection work.

Architectural Engineering (Possible Formation of Design and Inspection Portion of Department)

Job Title	No.	Salary Costs
Senior Architect	1	\$ 28,200
Associate Architect	2	50,700
Senior Landscape Architect	1	28,200
Associate Landscape Architect	2	50,700
Assistant Landscape Architect	1	22,600
Senior Civil Engineer	1/2*	14,100
Associate Civil Engineer	2	50,700
Assistant Civil Engineer	2	45,200
Electrical Inspector	1	22,300
Mechanical Inspector	1	22,300
Building & Landscape Construction Inspectors	9	200,700
Secretary I	1/2*	7,350
Typist Clerk II	2	23,600
Totals	25	\$566,650

*Only 1/2 of time charged to design and inspection work.

Real Estate Acquisition

Facts

Real Estate Acquisition responsibility falls under the Department of Private Development. Within the department there is a Real Estate Section with a current budgeted headcount (1980-81) of one (1) Supervising Real Estate Agent and six (6) Real Estate Agents. The Real Estate Section also has a Relocation Group which consists of five agents and two typists. One of the Relocation Agents is a qualified Appraiser. The need for a separate Relocation Staff is due to Federal regulations and related acquisition procedures. The Real Estate Services function exists as an integral step in the implementation of the City's Capital Improvement Program.

The three basic objectives of the City's Property Program (as stated in the 1980-81 Proposed Program Budget) are:

1. Acquire properties for City's Capital Program
2. Obtain replacement housing or business facilities for all persons and firms displaced by City acquisition
3. Maintain high levels of return on City-owned rental properties.

Budgeting for land acquisition is based on estimates that are submitted for the annual Capital Improvement Program by the Property Division. The estimates are approximations only and are based primarily on past experience. All estimating is done in-house, as is the review of the estimates and the appraisals. Almost all appraisal work is contracted for with outside fee appraisers. These property acquisition estimates are good for one year in terms of accuracy, because of unpredictable inflation and money devaluation. The funds cannot be carried forward from one fiscal year to the next. For instance, money budgeted for fiscal year 1981 must be encumbered before the end of the fiscal year. Money not spent for an approved project can be reprogrammed through re-budgeting for the next fiscal year. The Property Acquisition Division cannot acquire property unless all money necessary is in the budget, with the exception of options. In the event that the City and/or property owner prefers an option for a portion

of the property, there is no guarantee from the City that the money will be available in future fiscal years to exercise it; consequently, there is little use of options.

There is flexibility in land acquisition regarding Capital Improvement Programs. Money can shift from one proposed project to another to offset unexpected high land costs, high appraisals or whatever. The Property Acquisition Division has monthly meetings to keep current on land values and property requirements for roads and parks; these meetings are conducted to also discuss design and acquisition scheduling.

The property acquisition process for San Jose provides for the purchase of land in the name of the City. This includes the Airport, Sewage Treatment Plant, Parks & Recreation, and all other City property in general.

Discussion and Conclusions

There is no single tracking mechanism in the Property Division to provide a concise status of all property acquisition projects; instead, the three principal property acquiring groups in the City operate more or less on their own and do their own statusing as to schedule. The three principal groups are (1) Public Works; (2) Parks and Recreation; and (3) Airport. By far, the most comprehensive report on scheduling of projects is published monthly by the Transportation Planning Division of Public Works. Due to a lesser number of property acquisitions, the Parks & Recreation and the Airport do not have formally published listings/reports on acquisition projects. The Property Division maintains internal working records that reflect the status of Airport and Parks & Recreation acquisitions.

There is a certain amount of indecision apparent in establishing priorities for land acquisition projects on a City-wide basis. While each department submits its requirements to the Property Division, the question keeps rising as to whose project is the most critical and, ergo, most deserving! This is a difficult position for Property to be in and points to a need for City Management to assist in setting priorities.

A communication problem seems to exist between the Property Division and other City departments relative to the status of their Property Acquisition Projects. This kind of problem is very common in business matters and needs to be handled on a continuous basis by on-going dialogue with all parties, i.e., status meetings and written reports *up* and *down* the organization chart. Personalities of individuals can "get in the way." The very nature of real estate work is "people related" work, and it follows that the mood and manner of the City's Real Estate staff must be basically oriented toward diplomacy and finesse, coupled with an on-going communication process.

Early in the survey of City Real Estate Acquisition procedures, a serious shortcoming surfaced in the area of City land and building records. There is no mechanized system for such records. A few years ago, the City conducted a pilot project for developing a computer inventory system for all City-owned property. The system was never implemented. The proposed hardware was developed with Hewlett-Packard and the City Coordinator was Mr. Ted Daigle. At present, all property owned by the City is inventoried manually on paper. This record area needs attention.

As part of the process of Real Estate Acquisition, it is necessary for City personnel to negotiate with private parties. An area of sensitivity within the City has to do with which department is to do the negotiating. From time to time, Parks & Recreation personnel and Public Works personnel become directly involved in property acquisition negotiations with private parties, much to the distress of the Property Division. Clarification of responsibility in this area is badly needed.

According to the Property Division, there is little incentive for local title companies to provide prompt title search reports. Most of the City's projects are small in terms of title insurance dollar volume. Delays in title reports contribute to overall delays in Capital Improvement Programs. Work needs to be done in this area to improve title service.

Running through all levels of City Management is a sense that delays in land acquisition are a major contributor to the issue of Capital Improvement Funds *not* being committed

in the fiscal period for which they were budgeted. There appear to be numerous opportunities for delays to occur all along the path of the acquisition process. The process is complex and involves many elements such as: (1) The whim and caprice of private property owners; (2) Legal issues such as condemnations; (3) Title service; (4) Appraisal service; (5) Work load in all affected City departments; (6) The coordination skills of the City real estate agent in charge; (7) The willingness of the City real estate agent to take compensatory time *later* for "getting the job done *now*" (as a general policy, overtime pay is not paid in San Jose); (8) The scope (financial and otherwise) of the Land Acquisition Project; and (9) The importance of the Project in the minds of top City management. Close schedule coordination tracking and communication is essential.

A survey of all approved Capital Improvement items in the 1979-80 Budget was made to see how many of the items involving land acquisition were committed during the budget period. The survey is listed in the Appendix to this report and it indicates that out of the 19 separate fund accounts which included Land Acquisition, 7 each had significant funding (over \$1,000,000) uncommitted as of June 30, 1980. Those funds are shown in Table 1.

Note: The grand total of all 19 funds appropriated (adjusted total) for Capital Improvements during 1979-80 fiscal period was \$30,943,671. Of this grand total, the uncommitted funds on June 30, 1980, was \$15,397,829 or 50%! This is a significant amount of funding to be "rolled-over" into surplus accounts for the next fiscal period. It is recognized, however, that a number of the projects were deliberately held in abeyance by City Management pending clarification of other funding sources. While the City Finance Department, which manages such surplus funds, does the best it can with Bank Certificates, Savings Accounts, etc., the fact remains that it will cost the City more the next year or the year after that to acquire the rapidly appreciating land it needs in Santa Clara Valley.

In a number of the interviews held with City employees, the subject of condemnations was touched upon with a note of concern as to the delays caused in land acquisition through

Table 1

Fund No.	Description	Fund Totals		
		Appropriation (Adjusted)	Uncommitted	% Not Used
003	Construction Excise Tax	\$ 3,053,449	\$ 2,210,347	72%
409	1943 Gas Tax Maint + Const	1,783,000	1,100,400	62%
410	1964 Gas Tax Construction	4,052,614	1,429,559	35%
429	Bldg & Structure Const Tax	3,826,880	2,831,956	74%
	Total — Traffic Funds	\$12,715,943	\$ 7,572,262	60%
712	San Jose-Santa Clara Trtmt Plant — Capital Funds	\$ 1,607,255	\$ 1,585,130	99%
400	Edenvale Redev Cap Improv	3,464,501	3,457,019	99%
401	Rincon de Los Estoros Tax Allocation	1,209,000	1,208,465	99%
	Totals	\$18,996,699	\$13,822,876	79%

both lengthy negotiations with property owners and the subsequent time delay of the condemnation process. The issue centers around how *much* time is reasonable to forecast in the land acquisition scheduled for the negotiation and/or condemnation phases. The quality of the real estate agent's negotiating work is the key which includes the intuitive sense of when "enough is enough" in terms of the negotiation time frame.

Appraisal work on land acquisition projects is performed in some cases by qualified members of the City Real Estate Staff. Private appraisers are contracted with for the handling of condemnation or court-related projects. Outside appraisers are also utilized as consultants on very large land purchases. Appraisal time is sometimes lengthy due to the outside appraisers' work load, but is generally satisfactory.

Insufficient written information exists on the procedure for acquisition of real property for the City. There is a need for clearly defined, written procedures for the property acquisition process. The Parks & Recreation Department (early in 1979) prepared an informal listing of steps to be taken in the Property

Acquisition Process, but a need remains for the Property Division to "take the lead" on preparation of the official written procedure for property acquisition. A precise set of guidelines that identify the various steps along the way would do much to clarify and improve the schedule tracking process for property acquisition. The guidelines should also identify the department or job title who has cognizance for each step.

During the study period, the question of work load came up a number of times for the City Real Estate Acquisition Staff. How do you measure a real estate agent's work load? Few individuals have a good answer. Due to the variables in their work activities, it is indeed hard to make such a measurement. The root of this issue lies with the quality of the relationship between the agents themselves and their management. If management in the Property Division and in the Private Development Department of the City is sensitive to and supportive of the Real Estate personnel, the question of work load will resolve itself through improved morale and through demonstrated proficiency in the field.

Recommendations

Cost/Savings Impact

Overall Schedule Tracking

The Department of Private Development should create and maintain a monthly overall, concisely written summary on status of City property acquisitions. Include pertinent information such as value of acquisition, and schedule status. This report should go direct to City Manager. Highlight problem areas and, if necessary, consider outside contract services for real estate acquisition to maintain a schedule that is economically justified.

None

An additional suggestion to improve schedule performance would be to create and maintain a visible, wall-mounted schedule board. The board would include all critical milestone dates for each acquisition project and would highlight and track *actual* schedule performance against *planned* performance.

Establish project priorities relative to size of project and magnitude of property improvement required following acquisition. Any construction project faces a minimum 20% inflation in cost for each year's delay, which must be added to land appreciation costs. In some instances, the appreciation in land values may be offset each year by the interest earned from Capital Budget Funds not expended (Example: San Jose earned an average of 11.5% on money investments during the Fiscal Year 1979-1980).

Improved Communications

Host appropriate City Department Heads and Deputy City Managers once a month for an hour briefing on the status of property acquisition projects. Publish *overall* status report.

None

Inventory System for City-Owned Real Property

Establish a computer-based inventory system for *all* City-owned property. Cooperate with City Assessor's office to obtain land comparables throughout the City of San Jose to maintain a sense of market values. Issue report listings on City properties as required.

None

Incorporate as part of City's plan for data processing of Financial Data and Engineering Data

Written Procedure for Property Acquisition

Establish and publish official, written procedure for "Property Acquisition." Utilize and refine any existing documentation such as Parks & Recreation Procedure. The procedure should highlight the fact that the Property Division is responsible for and shall handle all property acquisition negotiations with outside parties. As part of procedure, establish timetable estimates of average time lapse from budget creation to close of escrow for both private acquisition and condemnation to establish performance criteria for each property acquisition. The timetables would assist in the creation of work load index for Real Estate Agents.

None

Improved Title Service

Enter into discussions with appropriate title companies to provide prompt service on real estate acquisition projects. Invite each title company to bid City work. This could include desired timetable for individual transactions, i.e., ten days for preliminary title report. Come to terms on fees, etc. Allow for change of title company at any time as punishment for poor or slow performance. *(Possible single source on all title business on yearly basis.)*

None

Work Load Index for Real Estate Agents

Develop and maintain historical work load index that will compare dollar volume of acquisitions, number of property acquisition projects, number of condemnations, number of real estate agents, amount of compensatory time, and the scope of outside contract services support (appraisers, real estate acquisition service). Also consult with *outside* real estate firms on appropriate performance schedule for various sized properties. Also consult with other cities on same issue for comparison data. Use work load index to forecast personnel requirements.

None

Criteria Checklist for City Council Real Estate Acquisition Packages

Create checklist for all steps necessary to prepare real estate acquisition packages containing condemnation requirement. Consider using outside legal and/or professional real estate firms who specialize in condemnation.

None

Contracting Services

Contract out real estate acquisition whenever necessary to maintain integrity of approved property acquisition schedule and to balance work load in Property Division.

None

Interview outside real estate firms who specialize in real estate acquisition for public ownership. Take care not to establish fee structures based on percentage of purchase price, as this is an incentive for consultant to keep purchase price high. A percentage of appraisal or fixed fee per parcel is appropriate. It may be possible to negotiate contracts where fee is only paid if property is acquired in private negotiation; no fee is paid if the project goes to condemnation.

Invite competition from real estate appraisers. Those who are too busy and cannot perform in a reasonable time frame should be dropped from the list.

Performance Comparison

Measure past performance of San Jose relative to percentage of property acquisitions that have to be handled through Eminent Domain as compared to other communities. This should reflect a quality level on acquisition (i.e., the lower the percentage, the better the acquisition performance).

None

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

City Coordinator

Sally Reed — Deputy City Manager, Administrative Services

Project Member

Richard Carey — Lockheed Missiles and Space Corp.

City Staff

Bill Coleman — Private Development Department

APPENDIX A

							Budgeted Amount
Traffic (43 Projects)							\$9,763,000
Traffic Fund Source	Appropriation	Adjustments	Total	Expended	Encumbered	Unexpended Balance	
Fund 003: Construction Excise Tax	\$ 2,965,000	\$ 88,449	\$ 3,053,449	\$ 780,532	\$ 62,570	\$ 2,210,347	
Fund 409: 1943 Gas Tax Maint/Constr	1,567,000	216,000	1,783,000	404,367	278,233	1,100,400	
Fund 410: 1964 Gas Tax Construction	1,200,000	2,852,614	4,052,614	1,156,000	1,467,055	1,429,559	
Fund 429: Bldg & Structure Construction	4,031,000	(204,120)	3,826,880	849,653	145,271	2,831,956	
Totals	\$ 9,763,000	\$ 2,952,943	\$12,715,943	\$ 3,190,552	\$1,953,129	\$ 7,572,262	
Municipal Airport (1 Project)							8,735,000
Fund 709: Airport Capital Improvement	\$ 3,461,000	\$(1,851,542)	\$ 1,609,458	\$ 1,587,096	\$ 25,995	\$ (3,633)	
Fund 726: Airport Rev Bond Improvement	5,274,000	1,873,321	7,147,321	6,495,075	17,536	634,710	
Totals	\$ 8,735,000	\$ 21,779	\$ 8,756,779	\$ 8,082,171	\$ 43,531	\$ 631,077	
Parks and Playgrounds (9 Projects)							2,847,000
Fund 380: Con/Cov Tax — District 3	\$ 75,000	\$ 0	\$ 75,000	\$ 0	\$ 0	\$ 75,000	
Fund 381: Con/Cov Tax — District 4	0	37,000	37,000	37,000	0	0	
Fund 386: Con/Cov Tax — District 8	170,000	9,000	179,000	138,765	1,075	39,160	
Fund 389: Con/Cov Tax — District 10	586,000	71,000	657,000	490,974	425	165,601	
Fund 391: Con/Cov Tax — City Wide Parks	843,000	(203,000)	640,000	365,070	985	273,945	
Fund 568: 1966 Parks Bond Fund	1,173,000	47,635	1,220,635	1,175,495	1,045	44,095	
Totals	\$ 2,847,000	\$ (38,365)	\$ 2,808,635	\$ 2,207,304	\$ 3,530	\$ 597,801	
Storm Sewer System (4 Projects)							74,000
Fund 413: Storm Drainage Fee Fund	\$ 74,000	\$ 63,966	\$ 137,966	\$ 120	\$ 3,966	\$ 133,880	
Sanitary Sewer System (3 Projects)							190,000
Fund 412: Sanitary Sewer Connec Fund	\$ 35,000	\$ 50,257	\$ 85,257	\$ 125	\$ 132	\$ 85,000	
Fund 557: 1961 Sewage System Bond Fund	155,000	335	155,335	31,040	100	124,195	
Totals	\$ 190,000	\$ 50,592	\$ 240,592	\$ 31,165	\$ 232	\$ 209,195	
San Jose—Santa Clara Water Pollution Plant (1 Project)							1,599,000
Fund 712: SJ-SC Treatment Plant (Capital Funds)	\$ 1,599,000	\$ 8,255	\$ 1,607,255	\$ 22,030	\$ 95	\$ 1,585,130	
Water Utility Fund — Evergreen Area (3 Projects)							3,000
Fund 716: Water Utility Fund — Evergreen	\$ 3,000	\$ 0	\$ 3,000	\$ 0	\$ 0	\$ 3,000	
Economic Development — Edenvale (5 Projects)							2,582,000
Fund 400: Redevelop. Fund — Edenvale	\$ 2,582,000	\$ 882,501	\$ 3,464,501	\$ 7,387	\$ 95	\$ 3,457,019	
Economic Development — Rincon De Los Estoros (3 Projects)							1,069,000
Fund 401: Rincon De Los Estoros Tax Allocation	\$ 1,069,000	\$ 140,000	\$ 1,209,000	\$ 535	\$ 0	\$ 1,208,465	
Grand Totals	\$26,862,000	\$4,081,671	\$30,943,671	\$13,541,264	\$2,004,578	\$15,397,829	

Landscape Maintenance

General

Before proceeding into the details of landscape maintenance, it is appropriate to examine the question, "Why are we looking at contracting work out rather than maintaining a work force to perform city services?" Cost reduction is the answer which surfaces most readily. If cost reduction is the only reason for this study, a clear picture or direction would be difficult to establish. An economic study can always be questioned or challenged.

In reviewing the data gathered during research, there appears to be other aspects which could place a cost reduction factor in a lesser role. Figure 1 illustrates the relationship to change in the General Purpose Fund revenues to City employees positions authorized.

Ideally, if revenues go down, the number of employees positions should be reduced in the same time frame as one method of controlling expenditures. Employee salaries account for approximately 50% of the expenditures from the General Purpose Revenues. As illustrated, adjustment in force lags revenue changes for good reason. It takes time for attrition to balance out the employee numbers.

Another problem surfaces during a period of force cutback using attrition as a primary tool. The positions vacated may not be where the work is reduced. If personnel are moved to jobs where the workload remains, it generally involves training and respectively, a lower productivity.

How does this concern contracting out work? Let's assume the minimum skill type labor functions were contracted out to the private sector. Further assume that employee cost and contracted cost were equal, in other words, the economics of the situation are not a factor. The City is faced with another Proposition 13.

City management now has a more efficient way to adjust expenditures relative to income. Work performed under contract can be reduced effective with the new budget. Key jobs can be maintained with qualified people. Movement of personnel to different jobs involve those with the higher skill levels. It is suggested that contracting out minimum skill

level work may be viewed as a viable management tool in a changing environment increasing management control and maintaining productivity.

Another area that is somewhat disturbing is the Retirement Fund requirements. This is not an argument for less retirement benefits, but a realization of the cost impact for such benefits. Over the past five years, the average cost of the Retirement Fund equals 10.4% of the General Purpose Fund revenues. This cost relates directly to the number of employees, past and present.

More interest is being shown in retirement plans and benefits as the general public becomes more aware of the funding problems of Social Security, the impact of inflation and their frustrations in trying to increase personal savings. Employee organizations are and will be making greater demands for pension protection. Government intervention has already begun with vested rights. One can anticipate more of this type of law being passed to reduce the pressure on the Social Security program.

The point is, the cost of retirement plans would appear to be making a significant rise in the next decade. There is only one way to control this expenditure, limit the number of employees to the absolute minimum. This is a long-term economic condition that should be recognized and place in perspective when formulating staffing strategy.

Conclusion

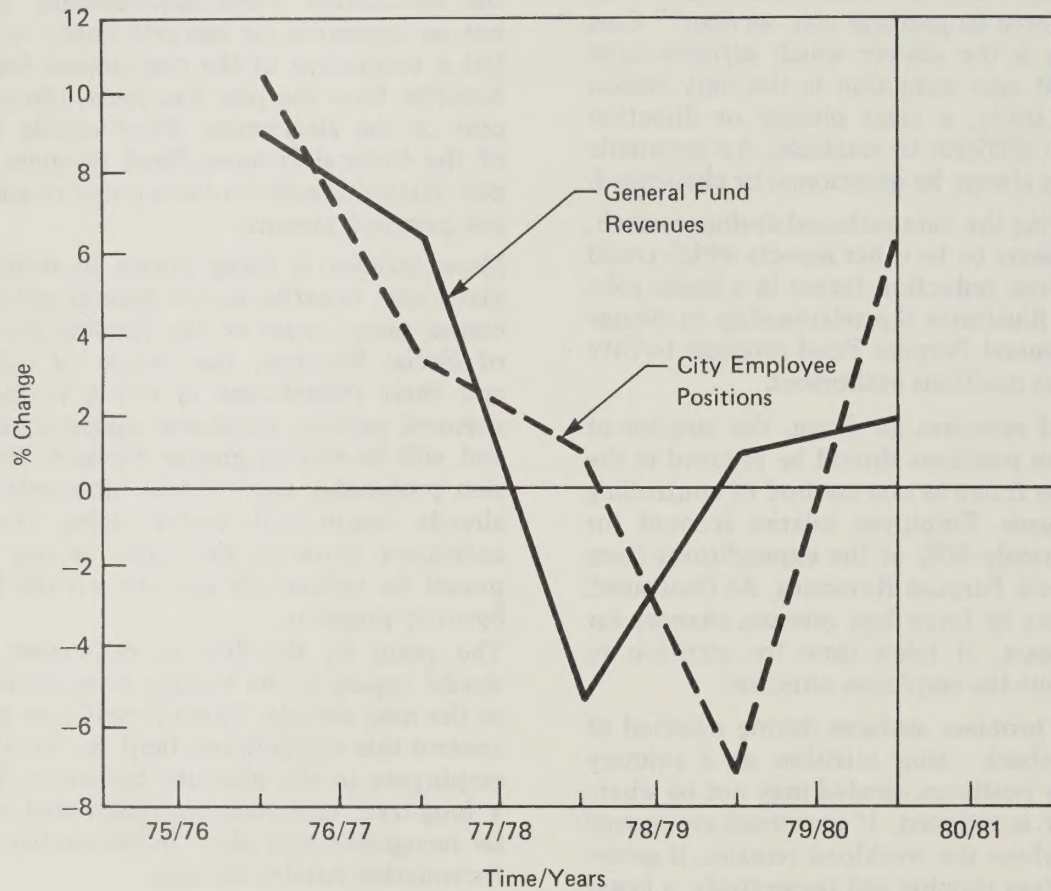
Going back to the question, "Why are we looking at contracting work out rather than maintaining a work force to perform city services?" The following reasons are submitted in order of their apparent priority:

1. To assist in formulation of long range staffing strategy
2. To identify additional management control alternatives
3. To improve productivity or reduce cost.

Providing accomplishments in these three areas will *assist* City Management to make better long-term plans, decrease response time in a changing environment and provide services at a reasonable cost.

Figure I

**% CHANGE YEAR OVER YEAR OF GENERAL FUND REVENUES
AND CITY EMPLOYEE POSITIONS (QTY)
(Revenues Normalized to 1979 Using IPI-GNP Total Sector)**



	75/76	76/77	77/78	78/79	79/80	80/81
G.P.F. Revenues \$(000)	95,932	109,704	123,679	125,888	138,410	152,251
Norm Factor	1.30	1.24	1.17	1.09	0	0.925
Normalized \$(000)	124,712	136,033	144,704	137,218	138,410	140,832
% Change		+9.1	+6.4	-5.2	+0.9	+1.8
Positions Auth.	3,464	3,826	3,956	4,005	3,715	4,024
% Change		+10.5	+3.4	+1.24	-7.24	+8.32

Environment

Landscape maintenance services are provided for 146 facilities comprising 673 acres of developed park lands, including neighborhood and district parks, special facilities and civic grounds. Functions included are turf maintenance, tree and shrub maintenance, sanitation services, including litter pick-up, path sweeping, restroom cleaning, other clean-up and other horticultural maintenance of developed park sites. Program staffing for 1980-81 is forecast as 95.0 positions. Salary costs are projected at \$1,443,000. Other costs that are related to landscaping maintenance: Supplies — \$128,000; Utilities — \$441,600; Mileage Reimbursement — \$4,600; and City Vehicle Operating Cost — \$354,900.

One contract currently exists for landscape maintenance of the Downtown Plaza area in the amount of \$41,100. This year a contract will be let for maintenance of the Golf Course in the amount of \$238,000. Another landscape maintenance contract exists outside of the Parks & Recreation Department. This is the Water Pollution and Control Plant Contract for \$174,000.

Maintenance of a facility varies in complexity and cost depending on the number of variables applicable to each facility. A profile exists for each facility and identifies 42 different items which define the work involved with landscape maintenance. There are two levels of maintenance performed, minimum and optimum. These levels are assigned to each facility and determine the frequency of maintenance.

Findings

In a memo dated February 27, 1980, from a Deputy City Manager to the Task Force Executive Director, the following observation was made:

"All things being equal, the hiring of employees to provide City services should be less expensive than contracting for the service. Contracting out requires the development of a contract, monitoring of it, as well as payment of profit to the contractor."

The phrase, "All things being equal," suggests that all things that are not equal should be identified. It will be helpful to note the differences between City and contractor operational costs and practices before getting to the specific details.

Operational costs differ in two ways. Supervision costs and fringe benefit loading on salary dollars differ significantly. Cost of labor is considered equal.

City supervision cost in the landscape unit is 16.1% of salaries. Contractors range from 10% to 27% depending on the base salary size under study. Fringe benefit loading of 35% is required by the City, while contractors range from 20% to 26%.

Operating methods differ as well. Where sufficient workload exists, the City uses a resident park employee. This employee is assigned to a specific park and performs most of the routine maintenance. Supplemental crews provide expertise and special machinery to complete the facility maintenance schedule. The resident park employee serves another purpose by controlling vandalism and other misuses of the park facilities.

Contractors seem to prefer the team concept — move in, perform work, go to next site. Work functions which require daily performance are a detriment to this type of operation. If the work functions are all of a weekly or longer frequency and a large magnitude of work, the team concept yields a higher productivity based on total number of workers involved.

It is this observer's opinion that the resident approach should yield better response time to the facility's needs and higher quality than the team approach. Those facilities with weekly or longer intervals should yield a higher productivity using the team concept. The method of operation should change according to the individual park needs throughout the year.

Job classification is an important factor in cost as well as choice of the operational method. The City is constrained by the Civil Service job classification where work must be performed by an equally classified worker.

The contractor, on the other hand, has more flexibility in hiring for his needs. This may result in combining two or more Civil Service Classifications into one person's job. The minimum number of personnel can be assigned to a facility in the team operational method resulting in higher productivity.

The last major difference is motivation. The contractor is motivated to maintain or increase his productivity to assure his profit margin (or cutback on performance level). There is no similar reward or motivation for City employees. Lack of performance in a contractor's employee results in replacement in a very short time. The City has a much more difficult task to terminate an employee and almost as difficult a task to replace one.

These are the factors present in landscaping maintenance that suggest "all things are not equal." Every item discussed could be changed by the City to equalize this situation, however it is not practical to envision changes of such magnitude in the near future.

Study Data Format

The major concerns expressed by the City personnel were economics of contracting, difficulty of developing contracts and contract administration or maintaining control. This study will approach each of these areas individually, but will combine contract development, administration and control into one segment. In the conclusion and recom-

mendation, all segments will be considered jointly.

Economic Analysis

The study shall undertake to establish an economic advantage between two alternatives.

- The City shall continue to perform landscape maintenance for 673 developed acres in the City of San Jose
- The City shall contract to the private sector the landscape maintenance for all of or a portion of the 673 developed acres in the City of San Jose.

The study data to be used for the City includes monies and positions extracted from the 1979-80 and 1980-81 budgets available as of July 1980. Standard hours for work designated for each facility was obtained from Parks & Recreation Department.

The study data used for the private sector was estimated by a Company experienced in estimating and providing such services for the Federal Government. The validity of the figures is backed up by the Company's offer to perform such services at the quoted price estimate. They were also compared to existing contracts.

In order to make meaningful comparisons between the City operations and private sector operations, only the labor costs will be considered. Equipment, supplies and utilities will be considered equal for both cases.

Current City Operating Cost (80-81 Budget)

- Landscape labor salaries

8.0 Equipment operators	\$ 116,800
25.4 Gardener	399,300
28.0 Grounds worker II	401,000
9.0 Grounds worker I	120,600
23.1 Part-time workers	322,000

Total	\$1,359,700
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- Landscape supervision and clerical support salaries expressed as percent of labor salaries = 16.1%

- Loading on salary for fringe benefits

Full-time	35% load factor assumed (see Attachment A)
Part-time	10% load factor assumed

Full-time	\$1,037,000 x 0.35 = \$363,195
Part-time	\$ 322,000 x 0.10 = \$ 32,200

- Hours available for 93.5 positions

$$\begin{array}{rcl} \text{No. of positions} \times 40 \text{ hours} \times 52.2 \text{ weeks/year} & & \\ 93.5 \times 40 & \times & 52.2 \end{array}$$

Total hours available = 195,228 hours annually

- Landscape Maintenance currently under contract.

1979-80 Budget — contract for Plaza area for \$56,100. As a result of contract, 6.3 positions were vacated. This resulted in a salary reduction of \$84,100 full-time and \$3,300 part-time. If the fringe benefit loading is applied:

$$\$84,100 \times 1.35 = \$113,535$$

$$3,300 \times 1.10 = 3,630$$

$$\text{Total} = \$117,165$$

$$\text{Savings} = \frac{117,165 - 56,100}{117,165} \times 100 = 52\%$$

1980-81 Budget — contract for Plaza area for \$41,100.

- Summary of city operating costs for Park landscape maintenance:

	Annually	Average Cost/Acre
Direct — salaries + contract	\$1,359,700	\$2,020
Supervision	218,912	325
Fringe benefits	475,895	707
Total	<u>\$2,054,507</u>	<u>\$3,053</u>

	Annual Hours	Hours/Acre
Total hours available	195,228	290
Less: 15% (vacations, holidays, etc.)	29,284	
Total productive hours	<u>165,944</u>	<u>247</u>

Cost Comparison Study Strategy

Initially, four categories of Parks were identified — light traffic, medium traffic, heavy traffic and civic centers. Two facilities were chosen as typical in each category for test sites. However, when private sector contractor reviewed these sites, he felt a projection to the other sites would have significant error. The results of the change in strategy established the City Parks in four quadrants. The private sector contractor proceeded to establish estimates on the 40 work items necessary to maintain the turf, trees, shrubs and walkways in two of the quadrants. These costs are compared to the City's standard work hours for the same quadrants.

Quadrant I

This quadrant covers the central, northeast and east portions of the City. It has 28 parks with 242.76 developed acres or 40.5% of the total developed acreage.

Labor only — Direct Salaries at \$7.00/hour average				
	Hours	Cost	Cost/Acre	Hours/Acre
City standard	72,394	\$506,758	\$2,087	298.2
Private sector estimate	40,716	285,012	1,174	167.7

Quadrant II

This quadrant covers the southeastern portion of the City. It has 17 parks with 118.22 developed acres or 17.6% of the total developed acreage.

Labor only — Direct Salaries at \$7.60/hour average				
	Hours	Cost	Cost/Acre	Hours/Acre
City standard	21,431	\$150,017	\$1,269	181.3
Private sector estimate	25,056	175,392	1,484	211.9

Quadrant I and II Combined

By combining the costs associated with Quadrants I and II, the magnitude of the dollars is more readily observed. Total parks are 45,361 acres and 53.6% of the total developed acreage.

	City QI and II	Private QI and II
Cost QI and II	\$ 656,775	\$460,404
Supervision	105,741	125,427
Fringe benefits	266,881 at 35%	146,458 at 25%
	\$1,029,396	\$732,289

(29% difference)

Although the private sector estimate seems to fall in line with the City's contracting experience in landscape maintenance, a simple sensitivity test reveals the following:

Increase contractor's estimate: 10%

$\$732,289 + 73,229 = \$805,518$ or 22% difference

Increase contractor's estimate: 20%

$\$732,289 + 146,458 = \$878,747$ or 15% difference

The cost figures and the hours are somewhat confusing. The contractor estimated a 26% increase in hours per acre for travel time in Quadrant II. The City had the advantage of identifying minimum level maintenance parks which occur in greater frequency in Quadrant II. The contractor estimated on the optimum level only.

The contractor also related to scope of magnitude in which the lesser areas cost more than larger areas. However, when estimating Quadrant I and II combined, the figures were simply added from the individual areas.

The City figures also have some inconsistency if we look at the total hours consumed in QI and II ($72,394 + 21,431 = 93,825$). We had established earlier the total productive hours for the landscape maintenance was 165,944. This means there are 72,119 hours remaining for the other (673-361) 312 acres. This equates to 231.2 hours/acre. Quadrant I requires 298.2 hours/acre, Quadrant II requires 181.3 hours/acre, and Quadrants III

and IV require 231.2 hours/acre. This is a significant variation that is difficult to rationalize.

Existing Controls

Three contracts have been reviewed with the following observations:

- The Plaza contract provided a 50% savings to the City. Contractor performance is judged to be good on landscape and poor on litter and sweeping. According to reports, the contractor is showing a loss in order to get more business.
- The Golf Course contract provided a stated savings of \$56,000 annually. The contractor is losing on the contract and wants to renegotiate.
- WPCP contract cost approximately \$1,700 an acre. Results are good.

Conclusions

This study reveals the extremes in attempting to evaluate the economical advantage between

the two alternatives. In examining the cost relationships, the outcome of the expenditure must also be considered.

Summarizing the key factors, we find the following:

	City	Contract
Labor wages	—	somewhat lower
Time allotments (hrs/acre)	181-298	168-212
Supervision (as a % of salary)	16-17	10-20
Fringe benefits (as a % of salary)	35	25
General Adm (as a % of salary)	5-7 (est)	6.3 (salary base)
Supplies	Equal	—
Utilities	Equal	—
Equipment	Equal	—

The size of the base should determine which portion of the range to use. Generally, the larger the base, the more savings that can be expected in contracting work.

City Standard Hours Quadrant I

		Acres	Hours
# 11	Bernal	2.25	1,087
# 9	Backesto	10.4	2,404
#140	Watson	27.3	3,559
# 90	North Side Community Center	0.50	351
#117	St. James Park and Community Center	7.0	2,303
#113	Roosevelt	10.80	2,312
#143	William Street	15.88	4,042
# 86	Mt. Pleasant	5.44	874
# 48	Forestdale	0.43	476
# 95	Pal Sport Center	16.05	6,482
# 77	Mayfair	8.46	1,925
# 78	Mayfair Tot	1.0	527
# 25	Capital	11.63	1,587
# 93	Out Park	0.45	218
# 64	Hillview	14.80	2,907
#141	Welch	11.09	2,031
#135	Turtle Rock	1.05	544
#168	Kellye	56.88	29,427
# 49	Fountain Alley Plaza	0.18	185
# 46	Foothill	6.94	600

In the judgment of the researcher, there is a potential savings of 15-20% in contracting work out based on the economic analysis, performance observations, Civil Service regulations, and other facets of City policy.

Fringe Benefit Salary Loading Percentage

- Number of employees = 4,024
- Personal Services = \$77,475,000
- Employee Benefits = \$26,844,000

Includes:

Worker's Comp Program Cost	\$ 4,452,000
Dental	1,316,000
Unemployment	237,000
Retirement	16,819,000
Health and Life	3,402,000
Tuition	18,000
Sick Leave Upon Retirements	600,000

Employee benefits ÷ personal services = .35

- Based on employee salaries and benefits, an annual percentage of 35% is concluded.

7/31/80 — 1980-81 Proposed Budget

Quadrant I (Cont.)

		Acres	Hours
#133	Columbus	9.91	2,332
#116	Ryland	3.15	1,640
# 20	Cadwallador Plaza	0.16	185
#123	Senter	8.00	1,385
# 84	Mise	11.71	1,742
# 80	Meadow Fair Neighborhood	0.3	299
#131	Stonegate	1.0	970
		<u>242.76</u>	<u>72,394</u>

Quadrant II

# 17	Brigadoon Tot	0.5	337
# 16	Brigadoon	5.49	1,437
# 14	Boggini	9.97	1,233
# 44	Evergreen	16.43	2,011
# 83	Miner	5.5	823
#126	Solair	9.47	1,907
# 82	Melody	4.0	680
# 54	Great Oaks	12.26	1,300
# 75	Los Paseos	12.17	2,260
# 81	Meadows	4.02	941
#127	South Side Community Center	4.80	637
# 98	Parkview #1	2.63	799
# 99	Parkview #2	2.58	1,383
#108	Plaza Del Rey	3.67	984
# 21	Cahalan	10.00	2,268
# 34	Comachi	3.04	644
# 41	Doerr	11.69	1,657
		<u>118.22</u>	<u>21,431</u>

Contract, Development, Administration and Control

The contract process is not favorably viewed by those involved for various reasons.

The major concerns are:

- Contract Detail

The preparation of the contract requires detail description of a large number of work operations involved. Because standards cannot be defined in all cases, a description of subjective judgment is documented. This results in a very time-consuming process.

- Contractor Reliability

California State Law requires that the contract be given to the lowest qualified bidder. This results in a lack of control by the City. It is said, "The quality of the Contractor's performance resides in the Contractor, not the Contract." This would

appear to be especially true in maintenance contracts where objectives and standards are often subjective.

Contractor cutbacks in performance are tolerated because the cost of assuming the work defaulted or bidding a new contract would be prohibitive.

- Contract evaluators often disagree with Contractors on interpretation of the contract.
- The "boiler plate" covering the legal aspects of the Contract is voluminous. This is time-consuming to prepare, often 20 pages for a relatively small contract, and tends to discourage smaller contractors from bidding jobs.
- Contractors express doubts that the City holds the contractor to the actual contract as documented in invitation to bid.

The alternatives available to resolve the identified problems are varied in quantity and approach. This study reviews three approaches to resolving the problems.

Standard Contract Procedure

Defined work and performance criteria with contractor bidding cost. The following actions would be required to solve problems.

Action	Action Evaluation
● Contract detail — prepare standard specifications for each maintenance area (turf, ground cover, trees, shrubs, etc.) for use in all landscape maintenance contracts.	● Time-consuming in initial design, would require updates relative to budget changes. Must be done to use Standard Contract.
● Contractor reliability — increase the performance bond to eliminate the high risk, less affluent contractors.	● Could be considered discriminatory and does not insure affluent contractors reliability without legal involvement.
● Contract evaluations — prepare standard performance criteria for each maintenance area (turf, ground cover, shrubs, trees, etc.) for use in all landscape maintenance contracts.	● Time-consuming in initial design, would require updates relative to budget changes. Must be done to use Standard Contract.
● “Boiler Plate”—design a summary which could be included in contract but contractor would be responsible to the full detail of laws and regulations referred in summary. Full details would be supplied on request only.	● Care must be taken to make summary meaningful while reducing volume by at least 75%.
● Correlation of contract and bid — the “art” of bidding contracts is to estimate the minimum requirement interpretation of the contract. This can be prevented by developing a reputation of holding the contractor to the letter of the Contract.	● Ideally, this can be done but realistically would probably involve a good deal of legal action which would test the contract specifications and probably incur more detail.

The Standard Contract procedure has been the work horse of contract applications. It is used for everything from toothpicks to satellites. The more detail that is documented, the better the contract. However, the lowest bidder always gets the Contract. The general result is low price for the lowest level of performance.

Cost Plus Award Fee Procedure

Same as Standard Contract procedure, except the City pays actual cost plus an award fee to the Contractor if performance and cost are equal to the bid quote. See Attachment A for more detail on this concept.

Action	Action Evaluation
● Contract detail — same as standard contract. Standardize work specifications.	● Same as standard contract, except if something is missed, it can be added on at cost. Add-ons are eliminated from Award Fee computations. Could result in less detail in contract.

Action	Action Evaluation
● Contractor reliability — lowest bidder, increase performance bond for screening purposes. ● Contract Evaluation Performance criteria same as Standard Contract. Document criteria for award fee. ● Boiler Plate — the only alternative available at this time is stated in Standard Contract version. ● Correlation of Contract and Bid — underbidding is revealed in Actual Cost reporting. Could result in loss of incentive award fee.	● If the City is committed to pay actual cost less risk is involved for Contractor, resulting in fewer instances in cut-backs, defaults. ● Most important both parties understand criteria for award fee. ● Same as Standard Contract. ● Bringing the actual cost in at bid cost must be part of award fee to give the City added control in this area. Additional penalties could be added if this is considered a significant problem.

The Cost Plus Award Fee procedure illustrates an adaptation to the Standard Contract. Its features attempt to improve performance by paying actual cost. Lowest bidder controls but the commitment is to actual cost. This approach is not supportive to a fixed budget environment.

Specified Cost/Performance Promised Procedure

Has been designed specifically for the City application for contracting maintenance services. See Attachment B for the detail on this concept.

Action	Action Evaluation
● Contract detail — basic requirements must be documented. Contract formalization. ● Contractor reliability — requires form design for performance input. Develop procedure for scoring promised performance. Contractor reliability — scoring needs documented procedure. ● Contract evaluation—requires evaluation criteria to be developed prior to Contract award. ● Boiler Plate — same as Standard Contract. ● Correlation of Contract and Bid — controlled by evaluation criteria. Could result in loss of incentive award (5%) or incur performance penalty (5%).	● Considerably less detail and volume than Standard Contract minimal training. ● Forms required are available with minimum modifications. City employees use standard hours now to score own work. New work to be done. ● Needs to be developed in any case but this procedure requires joint development. ● Should keep the promised performance within a narrow range of actual performance.

As mentioned, this procedure was designed specifically to eliminate the major problems in contracting for maintenance work. If the specified cost feature can be accepted, it would provide the tool required to control expenditure, reduce administration and provide a maximum performance level at the least cost.

LANDSCAPE MAINTENANCE CONCLUSION

Contracting landscape maintenance to the private sector is advisable and economical if done in such a manner as to increase and facilitate management control. A potential annual savings of 15-20%, in a base of \$2.0 million, equates to \$300,000-\$400,000 if implemented with the appropriate management control.

However, these savings cannot occur in the present environment. Consideration should be given to separating the true landscape functions (turf, shrubs and trees) from general maintenance (litter pick-up, restroom cleaning, sweeping, etc.) The contractors who bid this type of work are landscape companies and tend to do acceptable work in pure landscape functions. Problems arise when mixing the functions.

Low cost contract bidding is not practical in the current environment. It encourages bids which cannot be fulfilled without performance problems or a loss to the contractor, both of which should be viewed as unsatisfactory. There is no requirement for low cost bidding. A cost plus award or specified cost type contract should be initiated to allow contractor reliability to be the key element. The Parks and Recreation Department has developed a sophisticated measurement system which will allow performance measurements to be made. Contractors are willing to do business in this manner especially if they can participate in establishing the evaluation criteria.

When establishing the contract, the cost of add-ons should be agreed upon. This eliminates renegotiation at a later date. If renegotiation is necessary, the department head should have the authority to approve such changes within the scope of his budget.

The same is true if a contractor defaults — the department head must be able to react immediately to the condition. This includes instituting claims on the performance bond and initiating and approving a replacement contract.

The City personnel have performed well in the area of parks landscape maintenance and are proud of their work. The reasons for a change to contracting out at this time reflect

more on the cost of employees in the work force than a performance problem.

The cost of retirement pensions, administration and excused time off the job are some of the key factors which speak for reducing force. The need to match service levels to income should also be a motivating force for City officials to use contracting as a means of current time frame adjustments.

Contracting work out has not been a satisfactory experience for many of the people concerned. There is definitely a need to (1) change the approach to contracting, (2) give the managers more authority to manage effectively and (3) work with the contractors to develop a mutual respect. Given this, it is my opinion contracting out will provide savings with no appreciable change in service levels.

Recommendation

Implement a controlled one year landscape maintenance contract for approximately 25% of the total developed acreage. Use the specified price type contract — do not bid the contract — select a good contractor. Establish the City's cost for maintaining the selected acreage. Work activities should include only landscape work operations, do not include general maintenance work functions. Establish a specified price at 20% less than the City's current cost.

Jointly with the contractor selected, determine the level of detail required in the contract and the evaluation procedure. Establish an evaluator position (management) to represent the City in its relationship with the contractor. Proceed with the contract implementation and evaluation. Insure a formal monthly evaluation report is given to the contractor and department head. The department head should have the authority to terminate the contract for nonperformance or if the contractor defaults, initiate and approve a new contract within his budget limitations.

Upon completion of the contract, a final evaluation will be made followed by a decision to proceed or not to the other quadrants. The department head should review the respective costs, performance levels observed, and the level of efficiency of contract administration for the basis of decision.

Displaced personnel should be absorbed into vacant positions if at all possible. Use of part-time positions converted to full-time positions would be an alternate strategy.

Leasing the equipment released from service may be considered. If this is not possible, retain it for backup until initial contract is evaluated.

Supplies expenditures should also be noted to determine the reduced cost anticipated.

It is further recommended that a separate contract be initiated for performing the general

maintenance work functions. This contract should be established and controlled using the same pattern as the landscape maintenance contract.

If the trial contracts prove effective, the other quadrants should be implemented at a rate of one each quarter. This allows for initial personnel displacement to be effectively handled. Also, it spreads contract negotiations out over an entire year, avoiding an overload condition.

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

Project Member

Jim Holcomb — American Telephone and Telegraph Co.

City Coordinator

*Sally Reed — Deputy City Manager,
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*Gene Saalwaechter — Parks and Recreation
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*Walter Wells — Parks and Recreation
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ATTACHMENT A

COST PLUS AWARD FEE TYPE CONTRACT

The Cost Plus Award Fee (CPAF) type contract offers the contracting agency greater flexibility while retaining control of an operation than most any other type contract; whether it be Fixed Price, Manhour/Materials, Piece Rate, Cost Plus Fixed Fee, etc. The CPAF contract allows a generalized Statement of Work (SOW) to be prepared without the necessity to be totally definitive in each specific element of work to be performed. Then, whether a company is selected on a sole source basis or a competitive proposal submission, the contracting agency and selected company can negotiate to determine the most probable cost of accomplishing the full intent of the Statement of Work or can agree on the scope of work that is expected to be accomplished within the funding limitations of the contracting agency. By carefully structuring the SOW and the contract terms and conditions, the contracting agency can assure that the desired task is being performed while limiting its liability by specified funding limitations.

Basically, during negotiations both parties agree on what is expected, what's an allowable cost and what the expected cost to perform should be. Then the contractor can only bill for actual incurred costs against the effort which was agreed upon and within the agreed upon funding. Any costs incurred which are not allowable costs or which exceed the funding limitations are not reimbursable unless specifically agreed to in writing beforehand by the Contracting Agency Contracting Officer.

The Contractor's profit is in the form of a fee for performing the task. In an award fee arrangement there is a Base Fee and an Award Fee. The Base Fee is the amount the contractor gets as long as he is performing the task at minimum quality of performance. The Award Fee is an amount the contractor can earn based on how well he does the job and can vary from 0% of the available award fee for poor performance to 100% of the available award fee for excellent performance. Contrary to popular opinion, the fee is not a percentage of cost, but is an agreed upon dollar amount usually expressed as a percentage of the negotiated contract amount. As an illustration, if the negotiated contract value were \$1,000,000 and the negotiated fee were \$100,000 say \$40,000 Base Fee and \$60,000

Award fee, the fee structure would be termed 4% Base, 6% Award. However, let's say because of unforeseen and uncontrollable reasons, such as higher than predicted inflation or excessive equipment failures, the actual cost to accomplish the task would require \$50,000 more than the originally estimated \$1,000,000. If the contracting officer agreed with the extra expenditure and provided funding, the funded amount of the contract would increase but the contract value would not necessarily increase if "no value" were added; thus the fee amounts would not change. Conversely, if the contractor were able to accomplish the full scope of the defined task for only \$900,000; the billed cost to the contracting agency would be only the \$900,000 with a \$100,000 under-run. However, since the full value of the agreed upon work was accomplished, the fee amounts would still be available as originally negotiated. If additional scope is added to the SOW, an increased contract value and an increased fee pool are usually negotiated.

Thus, the CPAF contract offers the contracting agency flexibility, control and assurance it is getting what it's paying for and provides the contractor the incentive to accomplish the task within the negotiated contract value and to strive for excellence, thus earning a high award fee amount. Some contracts are structured to provide an even greater incentive for cost effectiveness through a dollar sharing arrangement of any contractor produced underruns.

The CPAF contract therefore provides the contracting agency better assurance of getting a high quality, yet cost effective job than a fixed price contract wherein the contractor will not be motivated or incentivized to perform quality work in quantities beyond minimum acceptable levels. Also in the case of the Fixed Price contract, the contracting agency is burdened with writing an SOW that is very precise as to the required effort. In bidding on a Fixed Price contract, the contractor as a prudent businessman must include in his proposed costs an amount that will protect him against contingencies not known at the time of the bid. This almost guarantees a higher cost to the contracting agency than would be experienced in the CPAF contract where only actual costs are reimbursed, not contingencies which may never come to pass.

ATTACHMENT B

SPECIFIED COST/PERFORMANCE PROMISED PROCEDURE

Using the Specified Cost/Performance Promised (SC/PP) procedure, the City would specify the basic requirements necessary to keep the park facilities at a minimum level of maintenance. A budget allocation would be made for the specific contract. Invitation to contractors would be made to perform work for the specified price.

The contractors in turn would detail a promised level of maintenance, the basic requirements plus. Over and above the specified cost a 5% bonus would be applied for a performance incentive award. In turn, a 5% penalty would be withheld for lack of performance. The contract would be awarded to the contractor promising the highest level of performance.

Evaluation criteria would be jointly developed with the contractor and agreed upon prior to the contract award.

This procedure varies greatly in comparison with other contract procedures, the most obvious is a fixed cost. A fixed cost procedure has limited applications. When operating from a nonflexible budget (no cushion), it allows specific allocations to be made and contracts let after the budget is confirmed. When applied to the City's procedure, this would allow changes in contract amounts to fluctuate with revenue and priority changes. When this procedure is applied for the first time, it should force a specific amount of savings (cost reduction). Going forward the performance level will be affected.

The basic requirements should be established by the City. This should require considerably less detail than the Standard Contract. The object of less stringent demands is to give the contractor more responsibility for the actual maintenance judgments. Recognition of efforts

in this area will determine whether or not the award fee will be given.

In order that the contractors can submit uniform information for comparison, forms should be designed for that purpose. The current profile forms and standard hour work sheets could be modified to serve that purpose.

The evaluation of promised performance for the purpose of awarding the contract becomes the more difficult task in this procedure. The evaluation would consist of two parts, contractor reliability and promised performance. Using an index of work operation values the promised work is scored. (Until more experience is gained, the current method of work operation measurements used by Parks & Recreation could be applied.) The contractor reliability evaluation would be scored on a 0-10 scale. The score would then represent a percentage increase to be applied to the promised work score. The method of contractor evaluation should be included in the bid instructions. (See attachment B-1 for suggested criteria.)

The evaluation of work performed requires a good inventory of the facility condition at the beginning of the contract period, monitoring performance of work throughout the period and a final inventory at the end of the period. Monthly feedback is required to the contractor in order to eliminate end of year arguments concerning the award and penalty fees.

The SC/PP procedure concept has not been used by the City for maintenance contracts previously, but there is no reason it can't be used if desired. It relates to fixed budget control, reduces the City's contract administration costs, forces cost reduction and will improve the relationship with the private sector.

ATTACHMENT B-1

SUGGESTED CONTRACTOR EVALUATION CRITERIA

1. Working capital equal to three months operational cost
2. Sufficient equipment or capital to start work per contract requirements
3. Financial institution recommendation
4. Contract defaults in last 24 months (quantity)
5. Contract performance recommendations (at least 3).

Each item would be scored 0, 1 or 2. Addition of points in the five areas would be applied for contractor evaluation.

Airport Custodial Maintenance

Environment

The airport complex includes four buildings for which custodial maintenance services must be provided. Although they contain an aggregate 182,859 square feet, only about half the total area (92,507 sq. ft.) is actually serviced:

Building	Total Area (Sq. Ft.)	Serviced Area (Sq. Ft.)
Main Terminal	150,459	87,248.3
General Aviation		
Terminal	7,600	3,611.0
Air Freight	19,200	1,092.1
Maintenance	5,600	555.1
Totals	182,859	92,506.5

The discrepancy between total building area and the amount of space for which custodial service is provided is attributable to several factors. In the Main Terminal the areas leased to Host International restaurants and a few airlines are maintained by their own personnel or contractual service. Leased storage space in the basement is not maintained. In general, only offices and lavatories are maintained at the other facilities. Some leased office space at the General Aviation Terminal and some portions of the Air Freight building are maintained by the lessees. Most of the Maintenance building is dedicated to construction projects, fabrication activities, and tool and supply storage, with custodial services, except for lavatories, provided as necessary by shop personnel.

Exhibit I identifies the major areas which comprise the total custodial service responsibility, specifies the planned monthly man-hours for each area, and includes a ratio of square feet maintained per total manhour expenditure (added to facilitate comparison). The Main Terminal accounts for 94% of the total area serviced and utilizes 96% of the custodial effort.

Budgeted staff for 1980/81 identifies thirty-one (31) positions for custodial service, including one (1) Chief Custodian, five (5) Senior Custodians, and twenty five (25) Custodians. These positions represent total

base salaries of \$408,900. Overtime and shift differential allowances add approximately \$30,000. With benefits at 35%, the total annual personal expenses are approximately \$593,000.

Although approximately \$600,000 is budgeted for all 1980/81 airport contracted services, the amount projected for custodial support (essentially window washing) is less than \$5,000. Custodial supplies are budgeted at \$51,000.

Findings

General Impression

Even a casual visitor to San Jose's Municipal Airport should be aware of, if not consciously impressed with the quality of maintenance both inside and outside the Main terminal. Airport management deservedly takes great pride in the appearance of their facility and apparently conveys and encourages a sense of personal responsibility among the personnel. Exhibit II, published in October, 1978, recognizes this commitment to quality which still appears to be valid. Management is naturally eager to display the complimentary notes and letters it receives and makes a point of sharing these with the staff.

During several visits to the airport over the last three months, primarily but not exclusively in connection with this investigation, the observer has made a point of observing various areas within the terminal and has concluded that custodial maintenance is consistently good. In the opinion of the observer it is superior to the facilities at San Francisco, Chicago and Washington, DC which have also been visited recently.

Service Characteristics

For all practical purposes, the custodial maintenance activity is performed by Airport Department personnel, subsequently identified as "in-house". The primary exception is window washing which, as noted earlier, accounts for less than one percent of total custodial maintenance expense. Although

some of the custodial maintenance is comparable with the "traditional" service provided to office facilities which are vacant when the custodians come to work, the seven-day, 24-hour operation of the Main Terminal presents a special challenge: Custodial maintenance demands a continual effort and requires not only routine pre-planned services, but the ability to respond quickly to the personal emergencies and "accidents" which befall many of the nearly 2,000,000 passengers (plus perhaps half as many non-traveling visitors) who traverse the facility annually.

To facilitate effective planning, the Planning and Development Division has implemented some basic time standards (Exhibit III), identified the routine tasks to be performed (Exhibit IV), and developed a planned manpower requirement based on the custodial service level required at various locations (Exhibit I). The ratio of square feet serviced to total monthly manhours shown on Exhibit I illustrates the wide variance between the very intense level of service provided in lobby areas compared with the less demanding needs of areas like "baggage claim" and the operations office, or the intermediate requirements of most tenants.

One measure of the quality, dependability and responsiveness of the in-house service is the consistent choice by most airline tenants to contract with airport management rather than independent services. These contracts are currently based on a billed rate of \$10.00 per hour and incorporate a detailed specification of the services to be provided. Within the constraint of certain minimum standards required by the airport management, the level of contracted service can and does vary among tenants. The ratio of square feet serviced to monthly manhours expended, as noted in Exhibit I, is one measure of this variance. By this measure, for example, the service level contracted by PSA is substantially lower than that required by the other tenants. Exhibit V is an example of a recent agreement.

Economics

As documented in the 1980/81 budget, the airport is essentially an independent business. Its operations continue to generate more than

sufficient revenue to meet current expenses and liquidate the long term bonded debt undertaken in 1974. Surpluses were generated in 1978/79 and 1979/80; another substantial surplus is anticipated for 1980/81.

Special Consideration

Although visitors and newcomers to San Jose may arrive by a variety of modes, no avenue of entry except the airport seems to qualify as the City's "front door." Not that San Jose is unique! In cities throughout the world a visitor's first impression of the community—and obviously just as often the last one—occurs at the airport. Because those impressions will color the individual's perception of the whole community, the quality of maintenance at the airport takes on political and economic overtones. By establishing and maintaining a superior appearance, airport management has recognized and responded to its responsibility for influencing that judgment.

As a corollary, the ability of management to sustain the desired appearance quality depends greatly on the morale and continuing conscientious performance of the staff. As implied in Exhibit II, individual custodians identify with the airport and derive personal satisfaction (psychic income?) from association with a community landmark which they can show off with pride.

Conclusions/Recommendations

How good is good enough? In terms of custodial maintenance at the airport, the answer to that question is more subjective than objective. If the premise is valid that the airport, as our "front door", must display the most attractive "welcome mat" in order to influence visitors' perceptions of the community, then any change which could alter that capability must be critically scrutinized. The introduction of contract custodial service would need justification far beyond direct cost savings.

Since the airport is financially independent and appears destined to operate profitably under current policies and practices, there seems to be no compelling reason for management to modify its commitment to an in-house custodial service. On the contrary,

continuing encouragement is indicated for a custodial organization whose morale and apparent "esprit de corps" unquestionably contributes to the airport's visual effectiveness. Except for minor contracts which may

be deemed appropriate for periodic, special-purpose functions such as window washing, it is recommended that the custodial maintenance activity continue as an in-house program.

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

Project Member

Burt Epstein — General Electric Co.

City Coordinator

*Sally Reed — Deputy City Manager,
Administrative Services*

City Staff

Russ Sprague — Airport

EXHIBIT I

Airport Custodial Maintenance

Department	Manhours Per Month	Sq. Ft.	Sq. Ft. ÷ Manhours
Western Airlines	52.30	2754.0	52.7
Continental Airlines	109.47	4015.4	36.7
United Airlines	136.40	5431.0	39.8
P.S.A.	128.00	8248.0	64.4
Air California	136.00	5091.5	37.4
Apollo	12.36	420.0	34.0
Gift Shop	12.10	400.0	33.1
Directors Office	65.20	2440.0	37.4
Operations Office	11.75	600.0	51.1
Planning, Development & Finance	97.72	3612.6	37.0
Duty Office	39.00	360.0	9.2
Security and Lockers	11.11	311.2	28.0
Maintenance*	28.25	555.1	19.7
Baggage Claim	70.66	3987.0	56.4
Car Rental	56.02	4379.4	78.2
General Aviation Terminal*	222.26	3611.0	16.3
Main Lobby	3619.64	22872.0	6.3
Mezzanine	104.12	462.3	4.4
North Concourse	505.50	9626.0	19.0
South Concourse	548.50	13930.0	25.4
	<u>5966.36</u>	<u>92506.5</u>	<u>15.5</u>
Hughes	Not Serviced		
Gem State	Not Serviced		
American Airlines	Not Serviced		
Swift	Not Serviced		
Trans-World	Not Serviced		
Aspen	Not Serviced		

*Separate Facilities (Air Freight facility is included with space assigned to specific airlines).

EXHIBIT II

Airport Custodial Maintenance

Cleanup:

Meeting the Challenge at San Jose

Gripping seems to be the Great American Pastime—so when veteran travelers take the time to write complimentary letters, there must be a strong impetus. What sort of plaudits does San Jose Municipal Airport receive?

Jack Harper comments, "I think we get more compliments on the cleanliness of the terminal building than on any other single item in the airport. We have a good custodial staff and they take pride in ... the building." When the President of a major airline visited San Jose for the first time, he too commented on the terminal's cleanliness.

How was the groundwork for good cleanup laid? Dick Mettler remarks "We established a high standard of maintenance years ago. It's been ingrained into the people who take care of the facilities. They won't accept anything less than an outstanding job."

Cleanup tasks at any facility are routine, so management must make a strong effort to motivate custodians. This starts when a prospective employee steps into the terminal building for this interview.

Maintenance Supervisor Angelo Navarro, who has been with the airport for thirty years, says, "Just coming into a clean establishment in the first place is a big step in the right direction. When employees do a good job, we make sure they are told about it. When we receive complimentary letters, we post them where all custodians can see them. That alone is a big motivator."

Mr. Navarro notes the "hazards" that confront custodians who work in close proximity to the public. "It's sometimes very discouraging for a custodian to be cleaning up behind someone who is making a mess. They wonder, 'Why all this work?'"

"We try to impress prospective employees that these things will happen."

Currently, 28 people work on his custodial staff, on three shifts, seven days a week. The bulk of the work such as shampooing and floor scrubbing is performed on the graveyard shift.

Training of new people is thorough—and achieved by working side by side on the

Graveyard shift with a senior custodian. Mr. Navarro comments, "We have a manual of procedure that explains what the duties involve—but most of the cleaning techniques are learned by doing." He adds, "It's important to purchase good products—but it's more important to make sure that people use them correctly."

Carpeting in the boarding lounges and by the ticket counters is vacuumed nightly and shampooed every other month. Their maintenance is more time consuming than that required by the terrazo floor in the central lobby, but Mr. Navarro comments, "I think the end result is nicer. The acoustics are better and the appearance is attractive." New carpeting installed recently is made of synthetic fibers because wool carpet dried too slowly after being shampooed.

Walls require constant maintenance and are repainted frequently. "There are a lot of marks that don't come out with washing. After too much washing, the paint starts coming off. In areas that constantly get abuse, such as in the concourse where people bump walls with luggage, we sometimes paint twice a year. Other areas can go two years between painting."

Mr. Navarro keeps up to date on new products and is in close contact with custodial divisions of other City departments plus the City Purchasing Department. "We check out different materials, find what we think does the best job, and weed out items that are not working well." And he emphasizes, "Any product is only as good as the people that use it. Even the best will be no good if it is not used properly."

A Groundworker Division under Mr. Navarro's close supervision takes care of the building exterior and landscaping. He remarks, "As the staff gets larger, you start losing the personal touch and things are a little more difficult to control. We've tried to keep on top of this. We have several bulletin boards to keep people informed of everything that is happening. We make employees feel that they're part of a group."

And, as for the result, Dick Mettler sums it up, "You couldn't ask for a better attitude. This is their building and it shows. We are very pleased and so is everyone who uses it."

EXHIBIT III

Airport Custodial Maintenance

Maintenance Estimator Times

Floors		
Dust	1,000 sq. ft.	12 min.
Sweep	1,000 sq. ft.	18 min.
Mop	1,000 sq. ft.	30 min.
Scrub, Mach.	1,000 sq. ft.	45 min.
Scrub, Hand	1,000 sq. ft.	3½ hrs.
Strip, Mach.	1,000 sq. ft.	3 hrs.
Seal Floors	1,000 sq. ft.	2 hrs.
Wax Floors	1,000 sq. ft.	30 min.
Apply Finish	1,000 sq. ft.	90 min.
Buff Floors	1,000 sq. ft.	20 min.
Restrooms		
Water Closet	ea. unit	2 min.
Basins	ea. unit	1 min.
Cabinets	ea. unit	5 min.
Install Paper	4 units	3 min.
Offices		
Wastepaper Baskets	ea. unit	30 sec.
Ash Trays	ea. unit	20 sec.
Desk Top (dust)	ea. unit	1 min.
Desk (clean)	ea. unit	15 min.
Windows	60-80 windows	8 hrs.
	1,000 sq. ft.	2 hrs.
Lunch Room Area	depends on unit	open
Wall Washing		
Painted Walls	400 sq. ft.	1 hr.
Marble Walls	650 sq. ft.	1 hr.
Carpet Maintenance		
Pile Conditioning	1,000 sq. ft.	30 min.
Inspection & Spot	1,000 sq. ft.	30 min.
Shampoo	1,000 sq. ft.	4 hrs.
Carpet Repair	per unit	open
Upholstery Maintenance		
Vacuuming	per aver. unit	5 min.
Shampoo	per aver. unit	1½ hrs.
Inspect & Spot	per aver. unit	5-10 min.
Repair	per aver. unit	open
Drapes		
Vacuuming	1 panel	2 min.
Drycleaning	1 panel	open
Parking Lots		
Sweep	1,000 sq. ft.	30 min.
Power Vac	1,000 sq. ft.	5 min.

- North Concourse**
- Empty all trash containers, butt cans, ashtrays. Wipe bench tables.
 - Clean restrooms and supply needed items. Wash basins, commodes, urinals. Mop floors, if needed. Clean mirrors. Paper towel disposal bins. Picnic tables, from floors. Remove writing etc., on station.
 - Police Gate.
 - Police observation outside deck.
 - Police, sweep, baggage carrousel area and car rental area.
 - Spot clean where needed. Fountains and walls.

- Turn on lights (room).
- Police

- Main Lobby**
- Dustmop terrazzo main floor and observation deck and mezzanine.
 - Clean restrooms and supply needed items. Wash basins, commodes, urinals. Mop floors, if needed. Clean mirrors. Paper towel disposal bins. Picnic tables, from floors. Remove writing etc., on station.

- Police observation outside deck.
- Police, sweep, baggage carrousel area and car rental area.
- Spot clean where needed. Fountains and walls.

South Concourse

- Empty all trash containers, butt cans, ashtrays. Wipe off bench trays.
- Clean restrooms and supply needed items. Wash basins, commodes, urinals. Mop floors, if needed. Clean mirrors. Paper towel disposal bins. Picnic tables, from floors. Remove writing etc., on station.

EXHIBIT IV

Airport Custodial Maintenance

Overall Duties

Each member of swing shift must be available if paged for emergency cleaning. This might entail time-consuming duties or minor cleaning.

All situations that might be a hazard must be reported promptly and corrective measures taken immediately.

When on extra duties, various cleaning may be done, such as benches, flower pots, walls, etc. Extra also cleans Continental freight twice weekly and then goes to G.A.T. to clean.

Tuesday and Friday, are extra man days for cleaning Continental freight, etc. The other five days are assigned to various personnel to clean G.A.T. G.A.T. duties are clean and supply restrooms. Police entire public area and empty containers if needed. Note and list supplies needed.

Those crew members using pickup truck should note condition fuel, tires, oil, etc., and turn in City Airport offices paging for custodian must be answered and situations handled.

Dirty cups-dishes in Airport Director's Office lunch area must be taken to Host dishwasher for washing and returned. Glass coffee pots cleaned each night.

Russ Sprague
Chief Custodian

Revised 10/29/80

EXHIBIT V

Sta. Manager, Asst. Manager				96.0
(410 sq. ft.)			8.0	12.0
Secret	Offices	Carpet	55.0	0.3
Vacu		Carpet	5.0	20.0
Sham		Formica		100.0
Cle				214.3
			Sub-total	

Location and Type of Service	Item/Material	Minutes Required for Work	Number of Times	Total Minutes per Month
Counter (450 sq. ft.)				
Vacuum floor				
Clean counter, empty waste basket				
Shampoo carpets				



CITY OF SAN JOSE, CALIFORNIA

801 NORTH FIRST STREET
SAN JOSE, CA 95110
(408) 277-4000

December 31, 1979

DEPARTMENT OF PUBLIC WORKS

Asst. M. Mr. John White
(144 sq. Pacific Southwest Airlines
Vacuum, 1661 Airport Boulevard
Shampoo, San Jose, CA 96110
Clean des.

Dear Mr. White:

Supervisor O
(120 sq. ft.)
Vacuum floo.
Shampoo car.
Clean desk, wa

Locker Room
(144 sq. ft.)
Vacuum carpet (M
Shampoo carpet
Empty waste basket

Cost & Found
24 sq. ft.)
Vacuum carpet (MWF)
Clean desk, waste basket.
Shampoo carpet
Shampoo window
Shampoo & strip (storage)

Custodial services for your leased premises can be provided by Airport Department custodial personnel in accordance with the attached breakdown. Services shall commence February 1, 1980, and this agreement shall remain in effect until a notice in writing is given by either party at least 30 days prior to the desired date of termination. All prior agreements for custodial services are cancelled. The area shown on the attached breakdown indicates only the area to receive custodial services and does not necessarily correspond to actual leased premises. Cost for such services shall be \$1,220.00 per month. Adjustments may be deemed necessary due to an increase in cost of living standards and an increase in payroll taxes, etc. At such time, both parties will agree to modify the set forth monthly billing price.

Sincerely yours,

Verne B. Troup, Deputy Assistant
Airport Planning and Development

VBT:AN:RS:msg
Attachment

Accepted by:

Title

Date

Fire Department Custodial Maintenance

Environment

Fire Department facilities include 28 station houses and six administrative and support structures. The station houses aggregate approximately 171,000 sq. ft. and range from seven to thirty-two years old. The administrative and support facilities include the Fire Administration building, Office of Emergency Services, Training Center, maintenance shop, shop reserve equipment building and the annex to Fire Station No. 3.

No personal expense is specified in the 1980/81 budget for custodial maintenance, although \$9,500 is provided for miscellaneous subcontract custodial services. Fire station household supplies are budgeted at \$67,700.

Findings

Like their counterparts in municipal fire departments nationwide, San Jose's firefighters lead a unique existence. When they are on duty, they live at their firehouses, function in a semi-military fashion, and are responsible for the routine custodial maintenance of their facilities. Station captains at each firehouse are responsible to ensure proper maintenance, including custodial chores.

Station houses are subject to monthly inspections by their respective district chiefs.

General Services—Building Management budgets and provides custodial care for the approximately 20,200 sq. ft. included in the Fire Administration building, Office of Emergency Services and Training Center. The other three support facilities, which are used for equipment maintenance and storage, are provided custodial care as necessary by Fire Department personnel.

Contract custodial personnel provide such non-routine maintenance as the cleaning of carpets and drapes at all offices and station houses. They also clean venetian blinds at the offices, but firefighters handle that chore at the station houses.

Conclusions/Recommendations

Since the available time of on-duty firefighters provides a sufficient resource at no extra cost, fire station custodial maintenance is already accomplished most effectively. No changes in operating policy are suggested.

Potential savings in maintenance of the administrative and support facilities serviced by the Building Management operation is addressed in a separate report covering the total custodial effort of that function.

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

Project Member

Burt Epstein — General Electric Co.

City Coordinator

*Sally Reed — Deputy City Manager,
Administrative Services*

City Staff

Capt. George Bradford — Fire Department

Water Pollution & Control Plant

Existing Environment

The WPCP is a very crucial function of the City. At this location, all sewage for the cities of San Jose and Santa Clara, plus seven other districts, is processed in accordance with City, County, State and Federal health and environmental regulations. Contracting work to the private sector currently exists in all areas except in the plant control and operating functions.

Detailed Analysis of Findings

Maintenance and repair contracts (\$240,900) cover elevators, power plants, engines, blowers, etc. These contracts require periodic maintenance work, normally prescheduled and preventative in nature. The variety of equipment and procedures require special skills and tools for each type of equipment. It would be cost prohibitive for the City to train and equip employees to perform these functions.

Process control contracts (\$377,800) cover professional and technical services that are required during peak and overload periods when proper plant operation is most critical. They are also used for special testing and analysis required to satisfy one or more of the governmental agencies. The helicopter service contract (\$11,000) could be added to this category as it is used to obtain test samples of the bay water at periodic intervals.

Structural maintenance contracts (\$92,000) cover specialty work such as plenum painting, sealing cracks in tunnels, street maintenance and other projects requiring special skills.

Operational contracts (\$330,500) cover sludge hauling, road repair, railroad maintenance and an operational orchard on land reserved for the plant buffer zone. Income derived from the orchard offsets the cost of the operation contract.

General maintenance contracts (\$252,000) covers landscaping, custodial service and laundry.

- Landscape—\$174,000, covers complete maintenance of the developed acreage

(101.2 Acres) surrounding the plant. This equates to an approximate cost of \$1,720 an acre. The cost of City maintained acreage is estimated to be in a range from \$3,300 per acre to \$5,300 per acre. The variables which govern the cost of landscape maintenance will be covered in the Parks report. Supervision cost is minimal due to the visibility to all plant personnel. They are very satisfied with the contractor's performance.

- Custodial Services—A contract of \$30,750 covers routine custodial service. A special cleaning of walls and ceilings is provided for in the current budget. The plant also has four City employees to perform custodial service in restricted or critical plant operation areas.

The routine service covers 75,620 sq. ft. of floor space, which is a mixture of terrazzo, concrete, wood and tile surfaces. It also covers approximately 22,800 square feet of window area. This service equates to a cost of \$0.41 a square foot of floor space.

Supervisory requirements are satisfied with monthly inspections ($\frac{1}{2}$ day) and normal day to day observations by the plant personnel.

- Laundry—\$18,000 is the proportionate amount charged to the WPCP as part of a larger contract controlled by the General Services-Purchasing group. Some complaints on this service are in evidence, but no further investigation is planned in this research area.

Conclusion

The WPCP is a critical service to the City of San Jose and surrounding communities. Contracting the operation of the plant to the private sector would not relieve the City of the responsibility or accountability for which it is charged. The private sector is being used to the fullest extent, by use of contracts, to minimize the operational costs involved with general maintenance.

Recommendation

No changes in the existing operation is recommended. The plant has exercised all feasible areas of contracting to the private sector with satisfactory results.

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

Project Member

Jim Holcomb — American Telephone and Telegraph Co.

However, it is recommended that all contracted areas be reviewed by use of cost studies every two years to assure the cost efficiencies remain intact.

City Coordinator

*Sally Reed — Deputy City Manager,
Administrative Services*

City Staff

Cliff Maurer — Water Pollution and Control Plant

Convention & Cultural Center Custodial Maintenance

Environment

Providing centrally-located facilities for community events, as well as conventions and trade shows, the Convention and Cultural Center includes over 200,000 sq. ft. of enclosed space plus a 15,000 sq. ft. amphitheater. The five major indoor assembly areas have either been newly-constructed or renovated within the last eight years. During the current fiscal year, for the first time, all facilities will be fully available.

For purposes of facilities management, the Center for the Performing Arts is sufficiently close to the building complex housing all the other facilities so that no special consideration must be given to the logistics of moving maintenance personnel, when necessary, between the two locations. The major components include:

Facility	Total Area (Sq. Ft.)
Center for the Performing Arts	60,000
Auditorium	50,000
Exhibit Hall	34,000
Montgomery Theater	15,000
McCabe Hall	12,000
Meeting Room 3	3,300
Meeting Room 15	2,400
Dunn Hall (offices)	3,000
Director's Area (offices)	1,500
Fine Arts (offices)	1,500
Total Indoors	182,700
Plaza (enclosed)	20,000
Total Indoors and Enclosed	202,700
Outdoor Amphitheater	15,000

Included in the total square footage for each of the five major facilities are a variety of ancillary areas typically associated with such buildings: Meeting rooms, foyers and lobbies, stages, dressing rooms, kitchen and concession areas, storage rooms, rest rooms, lockers and showers, offices, aisles and corridors.

The proposed 1980/81 budget identifies 23.5 positions for facilities maintenance and operations, including one (1) Supervisor of Facilities, three (3) Events Coordi-

nators, three (3) Facility Crew Supervisors, one (1) Senior Facility Attendant, thirteen (13) Facility Attendants, two (2) Stagehands, and a part-time (0.5 position) Facility Attendant. Assuming the Supervisor is committed primarily to the maintenance function, but excluding the Events Coordinators, these positions represent total base salaries of \$300,400. Of \$32,000 budgeted for overtime and shift differentials, an estimated \$29,000 will apply toward maintenance activities. With benefits at 28.3%, the total annual personal expenses attributable to facilities maintenance are approximately \$414,000.

Contracted janitorial services are budgeted at \$41,700. In-house maintenance supplies, including separate specification of floor protective supplies, are budgeted at \$73,200.

Findings

Maintenance Characteristics

At the Convention and Cultural Center the custodians are truly "jacks of all trades"! In fact, the job classification of "Facility Attendant" (Exhibit I), which was specifically defined for these facilities, outlines a spectrum of duties and responsibilities substantially more comprehensive than the description of the work of a custodian (Exhibit II).

As indicated in Exhibit III, which describes the special provisions applicable to custodial services contracted by the Convention and Cultural Center, many of the Facility Attendant position's non-janitorial duties can be performed by contract personnel.

The Facility Attendant position hourly base rate currently ranges from \$6.32 to \$7.68, depending on seniority. Adding 28.3% overhead (applicable only for full-time employees) adjusts the rate to range from \$8.11 to \$9.85. Contract personnel currently are charged at \$8.75 per hour.

Workload

The Convention and Cultural Center is a seven-day-a-week, three-shift operation. To accommodate the variety of clients and the range of their requirements, some facilities

often are scheduled with negligible turn-around between events. The Facilities Crew Supervisors and their in-house staff spread themselves over the week and utilize contract personnel to handle peak loads. An ongoing planning process involves periodic workload assessment by supervision to anticipate the need for contract services, but the number and unpredictability of the variables frequently necessitate last-minute modifications. Fortunately, the agreement permits essentially infinite variation in the demand.

Exhibit IV illustrates the plan for February, 1980 based on an early assessment. The variety of events is noteworthy, highlighting the possibilities for unusual service and equipment requirements. As summarized on page 9 of the exhibit, an initial estimate projected only 155 man-hours of contract service. Partly because of increased bookings (as measured by "Event Days"), but primarily due to the apparent unpredictability of the workload, the actual requirements far exceeded the early estimate. (Convention and Cultural Center management note that the month of February, 1980 was not typical. At that time the custodial force was down five positions and management was constrained from hiring replacements. Even though the expense for contract personnel was unusually high that month, the total expended during the fiscal year 1979/80 was within the budget. In fiscal 1980/81, at the end of four months, the rate of contract custodial expense was also within budget.)

On an annual basis, the bookings (and consequently the workload) vary significantly both by facility and month. Exhibit V compares the situation for calendar 1979 and 1980, noting the fact that bookings for the last quarter of 1980 were incomplete. Based on the availability of all facilities and a potentially increased demand, the Director of the Convention and Cultural Center foresees the possibility of 1800 event days in the 1980/81 fiscal year.

Part-Time Versus Contract Personnel

With management striving to anticipate contract service requirements sufficiently in advance, the contractor is generally able to provide the required manpower when needed. Using that manpower effectively can

be a problem! Most of the contract personnel speak English poorly, if at all. The necessity for funneling all communications through the contractor's work leader, the variability of the work requirements, and the practical inability of the work leader to be everywhere at once introduces an unavoidable inefficiency.

One alternative considered by management which would permit a more efficient peak-load response is the establishment of a part-time work force recruited and directly supervised by Convention and Cultural Center supervision. (Two of these positions were in effect at mid-November, 1980.) Management believes such a work force would facilitate improved expense control, enable better quality control, provide the potential for promotion to full-time staff when appropriate, permit flexibility to cover for illness or other absence of full-time staff, and actually cost less per man-hour.

The lower cost is based on the fact that part-time Facility Attendants, although earning the same base rate as full-time personnel, require only the addition of approximately 2% for workmen's compensation and unemployment insurance rather than the 28.3% overhead applied to full-time employees. Compared with the \$8.75/hour currently paid for contractor personnel, the cost for a starting part-time Facility Attendant would be approximately \$6.45/hour. (Should a part-time worker accumulate maximum seniority, the cost would be approximately \$7.85/hour at today's scale—still below the contractor rate.) Since part-time personnel would all start at the lowest rate, the immediate saving would be about \$2.30/hour or a 26% reduction. Based on the budgeted \$41,700 for contract maintenance services, the annual savings would be \$11,080 (see Exhibit VI). The added cost of supplies currently provided by the contractor must be considered, but should be small.

Management believes it could absorb the cost of recruiting and controlling this part-time force without increasing the currently budgeted supervisory and clerical staff.

Conclusions/Recommendations

It is apparent that the nature of the business at the Convention and Cultural Center requires both a basic in-house facility attendant

staff plus the ability to obtain manpower for the variable work load. Since part-time in-house personnel can be employed at less cost than those from a private contractor, management should be encouraged to implement that alternative as expeditiously as possible. This would effect an immediate savings of at least \$11,000 annually. Because the agreement with the private contractor requires no minimum utilization, there will be no penalty for phasing out his services. Once the in-house part-time staff is established, consideration should be given to reducing the

number of full-time positions through increased utilization of part-time personnel. The minimum requirement for full-time personnel would have to be determined. Exhibit VI projects the potential savings based on substitution of part-time personnel for current contract personnel only, as well as an assumed future reduction of six of the current staff of 13 facility attendants. For each full-time facility attendant replaced by equivalent man-hours of part-time personnel at the current base rate, an annual savings of approximately \$4400 would be realized.

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

Project Member

Burt Epstein — General Electric Co.

City Coordinator

*Sally Reed — Deputy City Manager,
Administrative Services*

City Staff

*John Popovich — Convention and Cultural
Facilities*

EXHIBIT I

Facility Attendant (7650)

Facility Attendant (Part-Time) (7651)

Summary of Duties

Under general supervision, performs a variety of custodial, set-up and maintenance work in preparing for events at the convention and Cultural Center. Does related work.

Distinguishing Features

This class differs from that of Custodian in that an incumbent of the latter does not perform the specialized and varied duties required in the area of set-up for events at the Center. This class differs from that of Senior Facility Attendant in that an incumbent of the latter is responsible for participating in and leading a relatively small number of personnel in a variety of custodial, set-up and maintenance work in preparing for events at the Center.

Examples of Duties and Responsibilities

(Any one position may not include all the duties listed, nor do the examples cover all the duties which may be performed.)

Sets up and takes down heavy equipment such as boxing and wrestling rings, basketball backboards, scorers' tables and electric panels for electric scoreboards and portable bleachers for a variety of athletic events; arranges chairs, tables and other furniture for banquets, conventions, orchestral productions and other events according to specified arrangement charts and plans, or oral direction.

Sets up stage for productions according to specified plan, such as working "from the fly" and on stage in positioning stage shells, wall props, drop curtains, sand bag drops and other stage equipment.

Sets up stagelights for productions according to specified plan such as spotlights, follow spots, light pipes, border lights and light trees.

Sets up public address systems and sound systems for productions.

Sets up electrical outlet systems and booths and other exhibits for conventions and shows.

Performs general cleaning including sweeping, scrubbing, stripping and waxing floors, vacuuming, dusting, washing windows and related duties.

Performs minor repair on equipment and facilities including work such as painting props, tables and chairs, repairing seats, benches, tables and chairs, replacing washers in faucets, repairing electrical plugs and cords, and related work.

May start and stop low pressure boilers; may start and stop heating and ventilating systems.

Required Knowledges, Skills and Abilities

Good Knowledge Of

The materials, methods, implements and devices used in building cleaning operations; safety practices to be used in building cleaning and minor maintenance work.

Ability To

Set up various items of equipment such as staging, athletic events equipment, flooring and seating, perform "fly" work and work at considerable heights; climb ladders to fly floor and grids; perform routine semi-skilled and un-skilled building maintenance tasks; follow simple oral and written instructions; establish and maintain effective working relations with others.

Minimum Qualifications

Education and Experience

Any combination equivalent to completion of the eighth grade and one year of experience in custodial work.

(Formerly Auditorium Attendant)

EXHIBIT II

Custodian (3211) Custodian (Part-Time) (3212)

Class Purpose

Under immediate supervision, performs work of routine difficulty in the cleaning of public and private facilities. Performs related work as required.

Typical Duties and Results

(Any one position may not include all the duties listed, nor do the examples cover all the duties which may be performed.)

Sets up rooms for special events. Empties trash cans and ash trays. Sweeps, mops, washes and polishes floors; vacuums, shampoos, and steam cleans carpets. Cleans doors, walls, windows, and mirrors. Moves and dusts furniture, equipment, and other objects.

Uses cleaning equipment such as brooms, mops, dust cloths, buffers, waxers, vacuum cleaners, floor scrubbers, steam cleaners, and shampoo machines; and maintains equipment in good condition.

Cleans restroom and replenishes restroom supplies. Uses cleaning products such as detergents and chemicals. Turns out lights and locks and unlocks doors and windows. Replace light bulbs, fluorescent tubes and diffusers.

Distinguishing Characteristics

This is the entry level class in the custodial series. Incumbents perform work under the general supervision of Senior Custodians or higher level classifications.

Qualifications

Minimum Knowledges, Skills, and Abilities

Knowledge of cleaning equipment, and tools. Knowledge of cleaning methods. Knowledge of safety practices in custodial work.

Ability to lift heavy weights 20-100 pounds. Ability to understand and follow written and oral instructions. Ability to deal effectively with the public.

Competency Knowledges, Skills, and Abilities

Knowledge of cleaning products.

Training and Experience

Any combination of training and experience equivalent to completion of the eighth grade.

Licenses/Certificates

Possession of a valid State of California driver's license may be required.

EXHIBIT III

Special Provisions Applicable to the Janitorial Contractor Utilized by the Convention and Cultural Center During Fiscal Year 1979/80

Project Description

Contractor shall provide manpower and equipment to perform janitorial services at the Convention and Cultural facilities.

Contractor shall supply his service according to the events scheduled at the various facilities and on an "as needed" basis.

Materials and Installation

Contractor shall provide enough workers and supervisors to perform general cleaning including sweeping, scrubbing, stripping and waxing floors, vacuuming, dusting, washing windows and related duties.

Set up and take down heavy equipment such as boxing and wrestling rings, basketball backboards, scorer's tables and electric panels for electric scoreboards and portable bleachers for a variety of athletic events; arrange chairs, tables, and other furniture for banquets, conventions, orchestral productions and other events according to specified arrangement charts and plans, or oral direction.

Set up stage for productions according to specified Plan, such as working "from the fly" and on stage in positioning stage shells, wall props, drop curtains, sand bag drops and other stage equipment.

Contractor shall supply all cleaning supplies.

Contractor must secure facilities after performing service (i.e., lock doors).

Time of Completion

This contract shall terminate upon:

- Expenditure of total contract amount;
- The end of the fiscal year (June 30, 1980);
- Mutual agreement of City and Contractor; or
- Fifteen (15) day written notice of termination by City.

EXHIBIT IV

Facility Events—Man Hour Allocations

Date 80	Event	Area Used	Attendance	Man Hours During Event	Man Hour & Cleanup Prep.	Total Facility Sq. Ft. Area
2-1	Theatre Guild	CPA	2500	8	24	60,000
2-1	Religious Conference	Auditorium	3000	8	36	50,000
2-1	Golden Circle					
	Santa Clara Univ.	CPA	20	4	12	2,000
2-1	Symphony Audit	Rm #5	50	2	4	660
2-2	Reception	Ridder Lounge	45	2	6	500
2-2	Golden Circle Theatre	CPA	2700	8	8	60,000
2-2	Golden Circle Theatre	Exhibit Hall 1 & 11	1500	16	48	38,000
2-2	Religious Conference	Auditorium	3000	8	8	50,000
2-2	Vietnamese Show	McCabe Hall	750	4	8	12,000
2-2	Life Dynamics	Room 15A	40	1	3	1,200
2-2	C.E.B. Berkeley	Room #3	100	2	4	3,300
2-2	Symphony Auditions	Room #5	50	2	2	660
2-3	Mediterranean Magic	CPA	2000	8	24	60,000
2-3	Pre Show Reception	Ridder Lounge	75	1	6	500
2-3	Auditions	Room #5	25	2	2	660
2-3	Life Dynamics	Room 15A	4	1	3	1,200
2-4	Univ. of Southern					
	Calif ED.	CPA	1400	4	24	60,000
2-4	Wrestling	Auditorium	1100	16	48	50,000
2-4	Community Fund	Room #15	75	1	3	2,400
2-4	Life Dynamics	Room #15A	40	1	3	1,200
2-4	EST	Room #15B	25	1	2	1,200
2-5	Bugs Bunny Show	CPA	1500	5	24	60,000
2-5	Boxing	Auditorium	800	8	48	50,000
2-5	EST	Room #3	50	1	3	3,300
2-5	H&L Block	Montgomery Theatre	500	2	4	15,000
2-5	Rev. Neil Glass	Room 15A	45	1	3	1,200
2-6	Bugs Bunny Show	CPA	1500	8	24	60,000
2-6	Black Theatre	Montgomery	500	1	4	15,000
2-6	Lifespring	McCabe & Room #3	200	2	8	15,300
2-7	Bugs Bunny Show	CPA	1500	8	24	60,000
2-7	Symphony	Rehearsal Hall	50	1	1	2,000
2-7	Black Theatre	Montgomery Theatre	500	2	4	15,000
2-7	EST	Exhibit Hall 11				
		Rm 15A & #3	800	8	30	16,500
2-7	Life Spring	McCabe Hall	700	4	12	12,000
2-8	Bugs Bunny Show	CPA	1500	8	24	60,000
2-8	Roller Derby	Auditorium	1100	8	48	50,000
2-8	Black Theatre	Montgomery Theatre	500	1	4	15,000
2-8	Stamp Show	Exhibit Hall 1	500	8	36	20,000
2-8	Life Spring	McCabe & Room #3	700	8	14	15,300
2-9	Bugs Bunny Show	CPA	1500	8	24	60,000
2-9	T.V. Boxing	Auditorium	2700	16	48	50,000
2-9	Black Theatre	Montgomery Theatre	500	1	4	15,000
2-9	Stamp Show	Exhibit Hall 1	1000	10	15	20,000
2-9	Le Grand Pic-nic	Exhibit Hall 11	600	8	30	14,000

Date 80	Event	Area Used	Attendance	Man Hours During Event	Man Hour & Cleanup Prep.	Total Facility Sq. Ft. Area
2-9	Life Dynamics	Room #15A	40	1	3	1,200
2-10	Bugs Bunny	CPA	1500	8	24	60,000
2-10	Symphony Rehearsal	CPA Stage	100	1	3	2,000
2-10	Stamp Show	Exhibit Hall 1	2000	8	15	20,000
2-10	Life Dynamics	15A	40	1	3	1,200
2-11	Symphony Move-In	CPA	20	5	—	2,000
2-11	Life Dynamics	15A	40	1	3	1,200
2-11	EST	McCabe Hall	500	4	15	12,000
2-12	Symphony Move-In	CPA	20	8	0	2,000
2-13	SJ State Basketball	Auditorium	15	1	3	9,000
2-14	Symphony	CPA	2100	8	24	60,000
2-14	SJ State Univ. Basketball Game	Auditorium	600	8	20	50,000
2-14	EST	McCabe & Rm 15B	200	4	4	13,000
2-14	C.E.B. Berkeley	Room #3	50	1	3	3,300
2-15	Jimmy Swaggart	Auditorium	2500	8	48	50,000
2-15	Spartan Oriocci Dance	Exhibit Hall 1	500	8	20	20,000
2-15	40's Dance	Exhibit Hall 11	400	0	15	12,000
2-16	San Jose Symphony	CPA	2000	8	24	60,000
2-16	Mardi Gras Dance	Exhibit Hall 1	800	8	20	20,000
2-16	Vietnamese Dance	Exhibit Hall 11	600	0	20	12,000
2-16	Life Dynamics	Room 15A	40	1	3	1,200
2-17	Light Opera Rehearsal	Rehearsal Hall	50	1	3	2,000
2-17	Jimmy Swaggart	Auditorium	2500	8	20	50,000
2-17	Fine Art Clinic	Montgomery	400	1	4	15,000
2-17	Life Dynamics	Room 15A	40	1	2	1,200
2-18	S.J. Symphony	CPA	2300	8	24	60,000
2-18	Light Opera Rehearsal	Rehearsal Hall	50	1	3	2,000
2-18	Wrestling	Auditorium	1500	8	48	50,000
2-18	Life Dynamics	15A	40	1	2	1,200
2-19	Light Opera Move-Ins	CPA	20	4	0	2,000
2-20	Light Opera Benefit	CPA	2200	8	24	60,000
2-21	Light Opera Performance	CPA	2100	8	24	60,000
2-21	Symphony Rehearsal	Rehearsal Hall	100	1	3	2,000
2-21	EST	McCabe Rm #3 & 15A	300	8	20	16,500
2-22	Light Opera Performance	CPA	2100	8	24	60,000
2-22	Roller Derby	Auditorium	1300	8	48	50,000
2-22	Light Opera Reception	Exhibit Hall 1	600	8	26	20,000
2-22	EST	Room #3	50	1	4	3,300
2-23	Light Opera Performance	CPA	2500	8	24	60,000
2-23	Del Pompedors Show	Auditorium	2800	8	48	50,000
2-23	Fine Arts Clinic	Montgomery	400	2	4	15,000
2-23	EST	McCabe Rm #3 & 15A	300	8	20	16,500
2-23	Hewlett Packard	Exhibit Hall 11	2300	8	30	16,000
2-23	Life Dynamics	Room #15A	40	1	3	1,200

Facility Events—Man Hour Allocations (Cont.)

<u>Date</u> <u>80</u>	<u>Event</u>	<u>Area Used</u>	<u>Attendance</u>	<u>Man</u> <u>Hours</u> <u>During</u> <u>Event</u>	<u>Man Hour</u> <u>& Cleanup</u> <u>Prep.</u>	<u>Total</u> <u>Facility</u> <u>Sq. Ft.</u> <u>Area</u>
2-24	Light Opera Performance	Room #15A	40	1	2	1,200
2-25	Hewlett Packard	Exhibit Hall 1 & 11/ McCabe	2500	8	48	50,000
2-26	Explorama	CPA	2000	8	24	60,000
2-26	Hewlett Packard	Exhibit Hall 1 & 11/ McCabe/Mont/Rm 3	2500	8	50	65,000
2-27	Hewlett Packard	Exhibit Hall 1 & 11/ McCabe/Mont/Rm 3	2500	8	50	65,000
2-28	Hewlett Packard	Exhibit Hall 1 & 11/ McCabe/Mont/Rm 3	2500	8	50	65,000
2-28	Light Opera Performance	CPA	2000	8	24	60,000
2-29	Hewlett Packard	Exhibit Hall/McCabe/ Mont/Rm 3 15A & B	2500	8	50	65,000
2-29	Light Opera Performance	CPA	2100	8	24	60,000

Summary of Advance Planning/Allocation

Total event days	97
Total attendance	110,950
Total man hours during events	503
Total man hours—clean & event prep.	1,732
Total hours	2,235
Total sq. ft. used	2,566,200
Total man hours available	2,080
(The above is assuming that none of the 13 facilities attendants were on vacation, sick, or other leave.)	
Man hours needed	2,235
Man hours available	2,080
Contract labor required	155

Actual Requirements Based on Review of Records on File

121 (See Exhibit V)

3762.5 (Included 2433.5 hours by
in-house personnel man hours
(and 1329 hours of contract labor)

EXHIBIT V

Event Use Days Comparison by Facility for 1979 and 1980

1980	CPA	Exhibit Hall	Auditorium	McCabe Hall	Room 3	Room 15	Room A or B	Montgomery	Totals
Jan	24	23	19	27	18	12	10	18	151
Feb	26	19	17	15	11	5	14	14	121
Mar	22	23	15	27	18	19	9	23	156
Apr	22	17	15	16	14	6	9	26	125
May	25	13	24	16	15	3	9	29	134
Jun	23	20	21	26	15	3	6	13	127
Jul	10	13	6	17	14	12	10	2	84
Aug	13	12	7	18	13	7	12	7	89
Sep	14	25	7	23	21	9	3	3	105
Oct	21*	22*	17*	27*	14*	17*	3	9*	130
Nov	25*	17*	18*	21*	15*	14*	1*	16*	127
Dec	24*	11*	17*	17*	14*	5*	1*	19*	108
Total	249	215	183	250	182	112	87	179	1457
1979									
Jan	19	23	Renovation	25	15	13	7	Renovation	102
Feb	22	14	Renovation	24	15	5	5	Renovation	85
Mar	24	22	Renovation	27	20	13	9	Renovation	115
Apr	28	20	11	28	14	13	9	Renovation	123
May	23	12	14	23	11	8	10	Renovation	101
Jun	20	23	16	25	17	8	11	Renovation	120
Jul	5	9	11	18	9	8	7	Renovation	67
Aug	13	10	14	21	12	9	6	9	94
Sep	23	17	12	20	10	5	8	10	105
Oct	28	14	9	26	20	8	15	12	132
Nov	21	8	13	21	21	5	14	10	113
Dec	17	8	10	16	15	6	7	22	101
Total	243	180	110	274	179	101	108	63	1258

*Bookings not complete

EXHIBIT VI

Projected Annual Cost and Potential Savings for Custodial Maintenance Based on 1980/81 Manpower Requirements*

Using Contract Personnel as Currently Budgeted (Fiscal Year 1980/81)

Function	No. of Positions	Cost
Supervisor of Facilities	1.0	\$ 20,200
Facilities Crew Supervisor	3.0	51,900
Senior Facility Attendant	1.0	15,100
Facility Attendant	13.0	174,900
Stage Hand	2.0	32,000
Total Base Salaries		<u>\$294,100</u>
Overhead (28.3%)		83,230
Part-Time Facility Attendant @ \$6.30/Hr.	0.5 (or 1000 hrs.)*	6,300
Overhead (2%)		125
Contract Personnel @ \$8.75/Hr.	4765 hrs.	<u>41,700</u>
Total Cost		<u>\$425,455</u>
Potential Savings Compared With 1980/81 Budget		—

Using In-House Part-Time Facility Attendants and Eliminating

Function	(A) Only Contract Personnel		(B) Contract Personnel and 6 of 13 Full-Time Facility Attendants	
	No. of Positions	Cost	No. of Positions	Cost
Supervisor of Facilities	1.0	\$ 20,200	1.0	\$ 20,200
Facilities Crew Supervisor	3.0	51,900	3.0	51,900
Senior Facility Attendant	1.0	15,100	1.0	15,100
Facility Attendant	13.0	174,900	7.0	94,200
Stage Hand	2.0	32,000	2.0	32,000
Total Base Salaries		<u>\$294,100</u>		<u>\$213,400</u>
Overhead (28.3%)		83,230		60,390
Part-Time Facility Attendant @ \$6.30/Hr.	2.9 (or 5765 hrs.)*	36,320	8.9 (or 17,765 hrs.)*	111,920
Overhead (2%)		725		2,240
Contract Personnel @ \$8.75/Hr.	—	—	—	—
Total Cost		<u>\$414,375</u>		<u>\$387,950</u>
Potential Savings Compared With 1980/81 Budget		<u>\$ 11,080</u>		<u>\$ 37,505</u>

* Assumes Full-Time Position = 2,000 man-hours per year

Building Custodial Maintenance

Environment

Custodial maintenance services are provided for 826,460 sq. ft. of office and warehouse space in 79 buildings scattered throughout the City. Most of these facilities are relatively new (within 20 years), but a few are pre-WWII, including the 80 year old Art Museum. They range in size from City Hall and the Main Library (each over 100,000 sq. ft.) to some small trailer and warehouse offices and exterior lavatories. In the aggregate they constitute about 40% of the total square footage of City-owned buildings. The other 60% (approximately 1,300,000 sq. ft.) consists of the Convention and Cultural Center, the Water Pollution Control Plant, the Airport, and 28 firehouses, each of which independently provides its own custodial services.

For the current fiscal year, basic janitorial services for 175,460 sq. ft. (21%) of the facilities for which Building Management provides custodial care have been subcontracted at a budget amount of \$182,000. Contract modifications have increased the current projection, however, to \$205,200. City staff to service the remaining 651,000

sq. ft. and administer the contract is budgeted for salary costs of \$718,500, excluding benefits. This covers a net total of 56 positions including one (1) Building Maintenance Supervisor, one (1) Chief Custodian, five (5) Senior Custodians, and forty-nine (49) Custodians. Effective November 18, 1980, however, City Council imposed a hiring freeze which effectively reduces the number of authorized custodial positions to 45 for the balance of the 1980/81 fiscal year.

Other related costs identified in the budget for Building Management cover all their maintenance activities, of which custodial maintenance is only one segment. The proportion of those costs attributable to the custodial function are estimated to include those shown in Table 1.

Findings

Contract Service Initiation, Scope and Status

The impetus for contracting a segment of the custodial service seems to have stemmed at least in part from a long-standing desire by City Council to experiment with contract custodial maintenance. Both the Council and

Table 1

Budget Detail	Description	Amount	Comment
30 & 31	Supplies and materials	\$25,000	Estimated share of \$368,000 total
46	Mileage reimbursement	7,000	Estimated share of \$14,600 total for Management and Administration plus Building Management personnel
48	Vehicle maintenance and operating charges	11,000	Based on review by General Services management of their actual experience for the 12 months ending 9/30/80. Includes full costs for two vehicles used exclusively by custodial personnel plus half cost for eleven vehicles shared with non-custodial maintenance personnel.
58	Vehicle replacement charges	14,000	
	Estimated total other related costs	\$57,000	

City management were aware that other jurisdictions (e.g., San Francisco, Oakland and San Diego) had initiated promising contract custodial programs. To force the issue, perhaps anticipating the impact of Proposition 9, Council mandated reductions in the number of custodian positions.

From a budget of 68 custodians in 1978/79, the number was initially reduced to 61 for 1979/80. An additional reduction of 12 custodians was adopted, establishing a net budget of 49 positions. Because six of these positions were eliminated for only nine months, the net effect on budgeted salaries for 1979/80 was equal to 10.5 positions. In exchange for the additional reduction, including the associated costs, an equivalent dollar amount was adopted to provide an opportunity for contracting custodial services on a trial basis. It was explicitly stated that restoration of those 12 positions would be requested if the contractual service proved less effective than using City personnel.

Although funds were budgeted, the authorized one-year contract was not actually implemented until the fourth quarter (April, 1980). In the interim, City staff was effectively reduced by attrition; several miscellaneous contracts (under \$5,000 each) were utilized to augment the diminished in-house custodial force. These contracts provided basic services (e.g., those included in the specifications for the one year contract) as well as special services excluded in the basic contract (e.g., shampoo carpets, strip and wax floors, wash windows, clean drapes and venetian blinds). From August 1979 through July 1980 approximately \$105,000 was spent under these miscellaneous contracts.

Although three custodian positions are budgeted for special services, available in-house personnel are utilized first for routine maintenance. The following special services are provided by a combination of in-house and contract personnel. Those with a specified frequency may be provided more often if a need is determined based either on inspection or customer request.

Custodial Service	Schedule Frequency
Wash windows	Annual
Strip and wax floors	Annual
Shampoo carpets	
Normal use	Annual
Heavy use	Semi-annual
Clean drapes and venetian blinds	As needed
Wash Walls	As needed
Relamp	Triennial (was quadrennial; now more frequent apparently due to use of energy-conservative lamps)

At the end of August, five months after awarding the low bidder a one-year contract, the City was encountering continuing difficulties obtaining satisfactory performance. The Building Maintenance Supervisor was spending one-third to one-half his time administering the contract and one senior custodian was spending full-time inspecting and monitoring the contractor. In the interim a new contractor has replaced the initial service and is performing satisfactorily. One of the five senior custodians still will be required to oversee the contractor's work, but only approximately 20% of the Building Maintenance Supervisor's time appears to be needed on an ongoing basis. Since the contractor services approximately 21% of the total square footage for which General Services is responsible, the amount of Building Management supervision required appears to be in proportion.

The contract specifications are included with this report as part of Exhibit I. It should be noted that the contractor furnished all "materials, tools and equipment" except for light bulbs and fluorescent tubes which are provided by the City.

In-House Personnel

Because City procedures preclude the initiation of replacement requisitions until a specific position is vacated, there is a perennial lag in replacing custodial personnel. At best, it may take 3-4 weeks to replace a custodian; often it takes 2-3 months. Even though the contract

service is performing satisfactorily, the lack of adequate in-house personnel results in less than satisfactory service overall.

Under the circumstances, it is encouraging to find an essentially positive management attitude. The Building Maintenance Supervisor has devised and implemented a rating system for obtaining feedback from his "customers" (Exhibits IIA, "Buildings — General," and IIB, "Restrooms").

Comparison of Contract and In-House Service

In selecting the facilities to be offered for contract maintenance, Building Management supervision made a diligent effort to include a representative mix based on such factors as proximity and degree of difficulty to maintain. Since it is reasonable to assume that any acceptable contractor would already have established customers and would seek to meld his existing personnel into service routes including his assigned City facilities, the effectiveness of the City's effort to be objective will vary among contractors.

A plan to compare performance/effectiveness of contract personnel versus City staff was developed as part of the experiment. It is based on comparing the results for two sets of similar facilities, one maintained by the contractor and one by City personnel. Because of the delay in implementing the contract, difficulties with the contractor, and the inability of the City to maintain a sufficient force to assign the proper number of custodians to the "test" facilities, the plan has not been implemented.

If only the cost per square foot serviced is considered, a comparison between the contract service and in-house service can be made. The time of Building Management Supervision is applied as it is currently being committed. An estimated 10% of "Other Related Costs" (as identified in the "Environment" section) is charged to contract service to cover the transportation expense for Building Management supervision/inspection of contractor-maintained facilities.

Both Wolff-Sesnon-Buttery and Lockheed custodial functions, however, are essentially

one-shift operations performed after the work force has departed. Many of the public buildings maintained by General Services, on the other hand, are used evenings and weekends as well as during the normal daytime hours. Because of public access, some facilities take considerably more abuse than private office facilities. Prominent examples include City Hall (primarily the meeting rooms), the libraries, the recreation and community centers, and the police facilities. At most City facilities both the in-house and contract custodial personnel are responsible for opening and closing the buildings, including alarm-related procedures. At those facilities where meetings and other community activities are held, set-up and tear-down requirements increase the custodial time commitment.

Because of these extra workload considerations, Building Management supervision estimates that their custodial personnel requirement is approximately 25% greater than that needed if only standard office facilities were maintained. On that basis, a comparative cost for Wolff-Sesnon-Buttery would be \$1.20 per square foot — still below, but certainly within range of the City's cost of \$1.35 to \$1.38 per square foot. (Table 2).

Conclusions/Recommendations

Substantial in-depth analysis is necessary to identify the cost information required for a more precise determination of the potential savings which can be effected by using contract personnel. Under the current plan, the total annual cost for basic custodial services is approximately \$1,137,000. If the apparently small differential between the City's in-house and contractor costs (approximately 3¢ per sq. ft.) is sustained under closer scrutiny, there would appear to be negligible benefit from conversion to contractor service. The adjusted rate for Wolff-Sesnon-Buttery of \$1.20 per sq. ft. suggests, however, that potential savings may be available even with in-house personnel. If the 18¢ per sq. ft. differential (\$1.38 minus \$1.20) is applied to the total area maintained (826,460 sq. ft.), savings approaching \$150,000 per year could be projected.

Two concurrent courses of action seem appropriate:

- Further consultation between City and Wolfe-Sesnon-Buttery personnel to determine whether Wolff-Sesnon-Buttery's methods and standards can be adapted to effect a reduction in the City's in-house costs — or whether the City's special service requirements (e.g., significant transportation time; custodial time requirement effectively greater than one shift; building security responsibilities) justify the cost differential.
- Continuing the trial of contract services through the 1981/82 fiscal year. This would permit observation, comparison and measurement of the new contractor for a full year, with enough time remaining to assess the results and decide what sort of split should be recommended in the budget for 1982/83. It is important that the cognizant supervision in the Building Management function have a strong role in this decision.
 - Utilize the rating forms more frequently than monthly (at least twice monthly) for obtaining feedback on the service in the two sets of facilities being used for comparison.
 - For the fiscal year 1981/82, consider switching the assignment of contract and in-house personnel to the alternate set of comparison test facilities to reduce any hidden bias. (Building Management supervision questions the feasibility of such a switch. If the rotation could be effected, they foresee the need for substantial rescheduling of all assignments.)

Using the indicated in-house cost per square foot (or a refined cost determined by more detailed analysis), the process of selecting a contractor could be inverted. Instead of soliciting the lowest bid for a defined group of facilities, establish an arbitrary cost savings target by setting a contractor rate per square foot lower than the in-house rate and invite bids on that basis. To be effective, the target reduction should be in the range of 15% to 20%.

To the extent that a staff of in-house custodial personnel will continue to be required, Building Management should be permitted to anticipate the effects of attrition by initiating the hiring process for some custodial positions without waiting for a vacancy. In practice, this might result in an occasional time period when the number of custodians on payroll actually exceeds the authorized number of positions. Considering the turnover experience, however, some reasonable guidelines plus agreement to control primarily on salary dollars rather than headcount would assure adherence to budget while permitting a more realistic relationship between staff requirements and available personnel.

Without such an accommodation in the employment process, implemented through appropriate changes in personnel procedures and practices, the planning effort by Building Management supervision to maintain a satisfactory level of custodial care is almost meaningless. Although a reduced staff can be worked overtime to handle occasional deficiencies, continued dependence on overtime is not cost effective. Substituting compensatory time is not a satisfactory alternative, since that practice only defers the problem.

Table 2

	Cost for In-House Service	Cost for Contracted Service
Base Salaries:		
Building Maintenance Supervisor	(4/5) \$ 21,900	(1/5) \$ 5,500
Chief Custodian	17,100	—
Senior Custodians	(4) 56,800	(1) 14,200
Custodians (Note A)	(46) 566,100	—
Total Base Salaries	661,900	19,700
Benefits (28.3%)	187,300	5,600
Annual Contract Cost	—	205,200
Other Related Costs	(90%) 51,300	(10%) 5,700
Misc Contracts		
(Assume only "special" services contracted for all facilities)	N/A	N/A
Total Costs	\$900,500	\$236,200
Total Sq Ft Serviced	651,000	175,460
Average Sq Ft Serviced Per Custodian	14,150	Not Determinable
Cost Per Sq Ft Serviced (approx)	\$1.38	\$1.35

Note A: Of the total positions budgeted, the equivalent of three positions are reserved for special cleaning projects. As a result of City Council's action November 18, 1980 the total number of authorized positions was reduced from 49 to 45. This leaves an effective force of 42 rather than 46 for routine maintenance. Because Building Management supervision contends that 46 custodians are necessary to maintain a quality level commensurate with that specified for the contractor, the cost comparison is predicted on the initial budget.

Two examples have been identified from the private sector which, on initial consideration, would appear to indicate that the City's contract as well as in-house cost is comparatively high. Using in-house personnel, the Wolff-Sesnon-Buttery Corporation averages 96¢ per square foot (or 20,000 sq ft per custodian) for essentially comparable routine services at their San Jose office facilities (see Note B). Lockheed Corporation targets 30,000 sq ft per custodian, although conceding that this provides a minimum level of maintenance quality.

Note B: Wolff-Sesnon-Buttery's cost per square foot includes wages and benefits for union janitors and comparable immediate supervision; the cost of janitorial equipment, supplies and materials; and the cost of window washing. Because of the relative proximity of Wolff-Sesnon-Buttery's buildings and their ability to utilize most custodial personnel at constant locations, they incur no vehicle costs and an insignificant loss of time (by comparison with City operations) due to movement between facilities.

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

City Coordinator

Sally Reed — Deputy City Manager,
Administrative Services

Project Member

Burt Epstein — General Electric Co.

City Staff

Robert Ellis — General Services Department
Joe Oehlert — General Services Department

EXHIBIT I

Facility	Location	Days & Hours of Operation	Sq Ft	Min Frequency of Routine Services
			82,000	7 days/wk
Police	201 West St.		6,300	7 days/wk
				5 days/wk

General

The work to be performed by the Contractor under these Specifications shall consist of furnishing all labor, materials, tools and equipment for the complete custodial services at the facilities listed on Exhibit "A" in accordance with the terms and conditions of the Specifications.

sharpeners, etc. Replace blades or sooner if needed.
trash pick up

CITY OF SAN JOSE, CALIFORNIA



801 NORTH FIRST STREET
SAN JOSE, CA 95110
(408) 277-4000

DEPARTMENT OF PUBLIC WORKS

ADDENDUM NO. 1 TO THE SPECIFICATIONS FOR THE MUNICIPAL BUILDINGS CUSTODIAL SERVICE 1979-1980

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Notice is hereby given that the following revisions, additions, and/or deletions are hereby made a part of, and incorporated into the specifications for the Municipal Buildings Custodial Service 1979-1980.

SPECIFICATIONS:

Delete Section 9 (Description of Work) sub-section 1 through 5.1.3 inclusive and replace with the three attached sheets.

A. R. TURTURICI
Director of Public Works

JTF:KR:bc
Attach.

PLEASE SIGN AND RETURN WITH YOUR BID PROPOSAL TO ACKNOWLEDGE RECEIPT.

Date

EXHIBIT IIA

EXHIBIT IIB

CITY OF SAN JOSE
CUSTODIAL MAINTENANCE
CLEANLINESS LEVEL RATING FORM

BUILDINGS — General

CHECK BELOW ANY AREA NEEDING SERVICE.
USE THE REMARKS SECTION TO NOTE WHERE
EXTRA SERVICE IS NEEDED OR ROUTINE
SERVICE UNSATISFACTORY. INCLUDE THE
REASON FOR EXTRA SERVICE REQUEST.

Client _____ Floor _____

Area _____ Date _____ Time _____

REMARKS

ELEMENT	CLEANLINESS
SECURITY	Doors, Entry
	Alarm Systems
	Valuables

FLOORS	CLEANLINESS
Base Boards	Dust/lint
	Scuff/footprints
	Carpet-shampoo
	Tile, etc. strip/wax
	Soil Film
	Spillage/stains
	Spots
	Incrustations
	Wax Build-Up
	Litter
	Other

EQUIPMENT

Furniture
Files
Lockers
Machinery
Basins

WALLS

Doors
Wood
Wair
Ver

CEILINGS

Pipes
Beams
Vents

WINDOWS

Skylights
Screens
Partition
Glass
Blinds
Sills

LIGHTS

Dust

RESTROOMS

CHECK BELOW ANY AREA NEEDING SERVICE.
USE THE REMARKS SECTION TO NOTE WHERE
EXTRA SERVICE IS NEEDED OR ROUTINE
SERVICE UNSATISFACTORY. INCLUDE THE
REASON FOR EXTRA SERVICE REQUEST.

ELEMENT	CLEANLINESS
SECURITY	Doors, Entry
	Alarm Systems
	Valuables-files-etc.
FLOORS	Dust/lint
Base Boards	Scuff/footprints
	Carpet-shampoo
	Tile, etc. strip/wax
	Soil Film
	Spillage/stains
	Spots
	Incrustations
	Wax Build-Up
	Litter
	Other

EQUIPMENT

Mirrors
Shelves
Dispensers
Toilets
Basins
Urinals
Chrome

WALLS

Doors
Woodwork
Wainscoting
Vents

CEILINGS

Pipes
Beams
Vents

WINDOWS

Skylights
Screens
Partition
Glass
Blinds
Sills

LIGHTS

Dust



PERMIT PROCESSING PROCEDURES

Permit Processing Procedures Review

Environment

Background and City Organization

The request for a review of the City of San Jose's land and building development permit processing system was initiated by the Deputy City Manager, Community Development. Community Development is a new entity resulting from the July, 1980 city reorganization and consists of the following five departments:

- Private Development Department
- Planning Department
- Public Works Department
- Convention/Cultural Facilities Department
- Airport Department

The interrelation between Community Development and other City functions is shown in the organization chart. Although the reorganization was effective July, 1980, only recently (October) have all the people in the Private Development and Planning Departments been assembled together as an integral group. Therefore, Community Development, with regard to this project, is presently in a transitional phase, since some functional responsibilities, previously in the Planning Department and Public Works, were combined with the original functions of the Property and Code Enforcement Department to form the Private Development Department. The purpose was to facilitate "one stop" permit processing for land development. In addition to holding the position of Deputy City Manager, Community Development, this individual is also Acting Director Private Development Department.

Permit Processing System Characteristics

The permit processing systems reviewed by the Project Team were restricted to those used by the Planning Department and Private Development Department, and excluded permits issued by the Public Works Department, Fire Department, etc. A review of these permit processing systems resulted in the establishment of the overall systems characteristics as:

- Bureaucratic
- Politically sensitive
- People intensive
- Paper intensive
- Frequent user oriented

The characteristics most noticeable were the last three. Permit requests are usually presented in person to the appropriate Department and consist of multiple copies of a large number of documents. These documents were logged, assigned unique request numbers, and distributed to other interfacing Departments/Agencies as necessary for review/comments/recommended disposition. The integration of the comments/recommendations of the interested Departments/Agencies is accomplished in a meeting which develops a composite position for Director approval.

User Perceptions of Permit Processing System

The whole gamut of users were interviewed to determine how the system is perceived. This sample included homeowners putting additions/alterations on their property, developers and redevelopers of major projects and/or subdivisions, and companies wishing to add additional facilities consistent with the original land zoning.

A summary of the major perceptions is that the permit process is:

- TOO LONG
- Arbitrary
- Confused because of the reorganization
- Especially confusing/overpowering to infrequent users

All people interviewed indicated that the system took too long. In the case of developers/redevelopers, to whom "time costs money", the potential viability to overall projects has been threatened.

Some of the Planning Department/Private Development Department staff comments on site development/building designs were considered by the applicants to be arbitrary, e.g., orientation of the building on a given piece of property, details of the structural

design as it meets the Uniform Building Code (UBC), need for grass, etc. These comments are perceived to be arbitrary presumably because they arise from staff interpretations of the City's general obligation to provide aesthetic structures and neighborhood interfaces, and from gray or general requirements in the UBC.

Prior to the reorganization, frequent users knew where to go, who to talk to, and who had authority for making decisions. With the reorganization, some of these functions are now in different areas (especially in the site development/building permit area) with new people providing the interfaces. The Project Team believes as the reorganization is made to work and people get to know their counterparts, this concern should diminish.

The very nature of the process, and the magnitude and overlapping nature of requirements (UBC, City Ordinances, etc.), will always seem overpowering to infrequent users. Employees in both the Planning Department and Private Development Department do take a significant amount of time in answering/helping applicants in their quest for the necessary permits.

Based on the universal and persistent concern about the length of the process, the Project Task Force concentrated its efforts on finding time savings in the existing process and developing alternatives to the existing process. The result of this effort is included in the next part of this report.

Conclusions/Recommendations/ Discussion/Potential Time Savings

Presently, the overall elapsed time from project inception to issuance of building permits can take anywhere from 6 months to 4 years, depending on the need for General Plan changes, Environmental Impact Reports and/or zoning changes. Much of this delay is the result of requirements of federal and state law, and is thus beyond local control. Implementation of the following recommendations could reduce the time cycle by 20% to 35%, depending on the nature of the project. The recommendations are classified as Immediate, Near Term or Long Term as a consequence of the anticipated length of

relative time it would take to make the necessary changes to present procedures and laws.

Implicit in the following recommendations is the Project Team's firm belief that "fine tuning" the present system would not result in tangible time savings or efficiency increases, and that significant changes to the present system have to be made in order to achieve these objectives. The Project Team felt obligated to make such recommendations even though they may generate some reasoned controversy within the city staffs. The Project Team also felt obligated not to make political judgements.

Conclusion

Presently the elapsed time between building plan receipt and start of plan review has doubled from a "norm" of four weeks to eight-ten weeks.

Recommendation

1. Subcontract the overload to reduce the backlog to the prior four week "norm". *Immediate.*
2. Develop a formal system of subcontracting overloads to local area firms utilizing inputs/outputs from implementation of recommendations associated with Conclusion. *Near Term.*

Discussion

1. As of October 1980, 45-50 sets of building plans were awaiting plan review, which represents an 8-10 week backlog. The "normal" backlog is approximately 4 weeks. A review of the number of plans submitted, reveals only a 4% increase between 1978-79 and 1979-80. Thus the number of plans submitted for review is not the primary reason for the large backlog. A more interesting statistic is the average fee per plan review shown in the back of this section. The third column represents the 1979-80 dollars per plan review discounted for 14% inflation, and hence is in 1978-79 "constant dollars" for comparison purposes. Of interest in explaining the sudden mushrooming of the backlog is that starting in June, 1980, the dollars per plan review started to

increase significantly, with the August, 1980 value being 159% larger than August, 1979. This suggests that there has been a significant change in the type of plans submitted for review. A further check substantiated that there has been a sharp increase in commercial/industrial plans submitted over the 1978-79 period, which because of the complexity of such plans, requires more manhours per plan review. Compounding the problem has been the reluctance of plan reviewers to accept overtime to reduce the backlog.

The Private Development Department has within the past few weeks subcontracted three sets of building plans to the International Council of Building Officials (ICBO) in Los Angeles for review. The ICBO is the originator of the Uniform Building Code and is therefore considered by the Private Development Department to be fully qualified to review the submitted plans. It has been indicated that four sets of plans per week will be subcontracted until the backlog is reduced to the norm. This addresses the immediate problem of the existing backlog. For the long range, the Private Development Department must have the means to forecast upcoming overloads and a system for implementation of backlog subcontracting when necessary. The mechanisms for forecasting are addressed under Conclusion below.

The Private Development Department has adamantly taken the position that qualified subcontractors are not available in the Santa Clara Valley to do building plan reviews against the UBC, city ordinances, and environmental requirements. This position is based on one experience in 1979 in which the Private Development Department was dissatisfied with the results of an outside review. The Project Team agrees that it would currently be very difficult or near impossible to find one individual in private enterprise who has the depth and breadth of experience that an experienced Private Development Department building plan checker has and who would be presently readily available for subcontracting overloads. The Project Team suggests, however, that the Private

Development Department could find qualified subcontractors in the Santa Clara Valley, based on the following:

- Building plans are contracted for by developers to meet the UBC, City Ordinances, and environmental requirements. Professional registered engineers stamp and sign these plans, thereby attesting not only that they are familiar with these legal requirements, but also that in their professional judgment these requirements have been met.
- Engineering firms should have within the total firm the technical competence which the Private Development Department plan checkers possess as individuals. This competence is usually spread among different individuals since more specialization is practiced in private industry.

To develop and "Qualify" local engineering firms to handle overloads in the Private Development Department plan checking area, the Project Team suggests that a bid specification be prepared requesting local area firms to review a set of plans against the UBC, City Ordinances and other applicable requirements. To reduce the effort by the staff, the plans sent out for review should contain known problems and violations of building requirements. By comparing the local engineering firms comments on the set of plans with the known plan deficiencies, a list of qualified subcontractors could be readily developed for future needs. To reduce potential lost revenue to the city (local firms may charge more for plan checking than City staff review), plans could be subcontracted to local firms on the condition that the requestor pay any increased cost to the city.

Potential Time Savings

4-6 weeks.

Conclusion

Community Development needs to upgrade its long range forecasting abilities to more accurately predict future workload and the mix of workload in the Private Development Department.

Recommendations

1. Establish regular user-association/Community Development exchange meetings. *Immediate.*
2. Develop a long range forecasting system which includes but is not limited to formal user-association inputs. *Near Term.*
3. Implement a formal internal feedback system to develop standards based on use, size, cost, etc., to utilize user-association input. *Near Term.*
4. Establish functional group performance criteria in the Private Development and Planning Departments to measure productivity/workloads. *Near Term.*

Discussion

1. Within the past four months, two meetings between City officials and the Building Industry Association have occurred for the purpose of airing concerns with the present permit processing system. These meetings should be encouraged and enlarged to include all user associations and should be held at periodic intervals for the purpose of mutual dialogue and feedback. When handled in a professional and constructive manner, these meetings could result in improved city systems and improved quality of submittals such that both users and city staff benefit.
2. Figure III (page 11) represents data extracted from the 1979-80 and 1980-81 City Council Approved Budgets for anticipated/actual issuance of building permits, and data representing the actual number of building permits issued in 1979-80. In a little over 1½ years, the adopted 1979-80 permit budget of 14,350 building permits has been reduced to an actual 8,770 building permits issued, an error of over 150%. As pointed out in the Discussion to Conclusion, not only has the number of submittals decreased, but the mix between residential applications (low plan review effort per building permit) and commercial/industrial applications (high plan review effort) has changed radically in favor of the latter. Therefore the 1979-80 forecast underestimated commercial applications and overestimated residential applications.

It is believed that the Chamber of Commerce can provide to the Community

Development Department user-association estimates of future workloads. The plans presently being developed today in the engineering firms will be the next quarter's loading into the Private Development Department building plan checking and permit issuance jobstream.

3. To effectively utilize user-association inputs the Private Development Department should charge time against each individual permit number. In this way, actual review hours by building plan type (residential, commercial, industrial), by building square footage, by building cost, or by other relevant measures can be determined so as to provide standards for determining backlog and group productivity. Accounting for time in this manner will also help determine the effort required to service the counter and may lead to productivity improvements in this area also.

Potential Time Savings

Indeterminate, but significant.

Conclusion

A common cause of delay is time lost while projects await their turn to get on the Planning Commission and City Council agendas.

Recommendation

1. Simultaneously docket cases that require or may require hearings before the Planning Commission and City Council, so that the Planning Commission and City Council hearings can occur "back-to-back" and so that any required notice periods can run concurrently. *Immediate.*

Discussion

1. Typically, a project is not docketed on the Planning Commission agenda until the Planning Director has taken action, nor on the City Council's agenda until the Planning Commission has taken action. This results in sequential agenda setting delays and sequential notice period delays. If, prior to the date of the Planning Director's decision, a project were simultaneously docketed for the next available Planning Commission meeting (if necessary) and also for the next available City Council meeting (if necessary), the routine, noncontroversial project could progress for summary approvals with a minimum of agenda dealys.

Potential Time Savings

2-6 weeks.

Conclusion

Elimination of overlapping responsibilities involving the participation of City Staff, Planning Commission and City Council would reduce permit processing time, City Staff effort and improve overall efficiency.

Recommendations

1. Eliminate the involvement of Planning Commission in Environmental Impact Report (EIR) approval process except to hear appeals from decision of Planning Director. *Near Term.*
2. Handle *all* rezoning and zoning requests in a uniform manner; i.e., Planning Director would make recommendation directly to City Council, in lieu of submitting certain types of zonings to the Planning Commission for review and hearings prior to Council action. *Near Term.*
3. Consolidate the present multiple procedures for processing Conditional Use Permits and Use Exception Permits into one procedure, with involvement of the Planning Commission and City Council limited to an appeal process. *Near Term.*
4. Develop plan to reduce Planning Commission and City Council involvement in *all* permit processes unless required by state law or as appeal bodies from the decision of the City Staffs. *Long Term.*

Discussion

1. Elimination of the Planning Commission's involvement in EIRs except in cases of appeal would streamline the procedure and would parallel present procedures for handling Negative Declarations (NDs). Environmental impact analysis is highly technical, and the added value of a Planning Commission review is questionable. A public hearing before the Planning Director could be held if so required by state law.
2. By state law, zoning changes must be approved by the City Council. Presently, there are two different procedures for processing rezonings and zonings based on the type involved. One such procedure involves the Planning Commission; the other does not. The Project Team

heard no persuasive arguments that such an arbitrary division serves an important city, state or citizen purpose. Processing all such requests from the Planning Director directly to the City Council would provide a consistent approach which would eliminate confusion, reduce staff time and shorten the time interval involved. Zoning requests necessitating changes to the General Plan would continue to be processed under present procedures for General Plan changes.

3. Consolidation of the Conditional Use Permit and Use Exception Permit processes into a single routine offers the same advantages as outlined above for zonings.
4. The City Council is involved in a whole gamut of permit granting, ranging from zoning changes (required by state law) to the location of stop signs and traffic signals. While one could develop arguments for each case, it is the opinion of the Project Team that everyone's purpose is served if the City Council/Planning Commission involvement is limited to hearing appeals of Director decisions or to those actions that are required by state law (zoning, General Plan, etc.,). Certainly, all major or controversial projects will reach the Council through appeal or state law requirement, as they should. This recommendation is not limited to Community Development but includes other permit issuing agencies. Community Development could take the lead in streamlining the operation and reducing City Council involvement to essential items.

Potential Time Savings

1. 2-4 weeks.
2. 2-4 weeks.
3. 2-6 weeks.
4. Indeterminate, but substantial.

Conclusion

Limiting changes to the General Plan to once a year causes one of the most significant delays in the overall permit approval process.

Recommendation

1. The staff should seriously study the feasibility of processing changes to the General Plan twice a year. *Near Term.*

Discussion

1. State law requires all zoning/rezoning requests to be consistent with the General Plan and this same law allows changes in the General Plan up to three times per year. Presently, city ordinances allow changes only once a year, although in the not too distant past, changes were allowed more frequently.

The above recommendation could reduce the interval required to obtain approvals for permits by as much as six months in some instances.

Currently there are over 250 changes to the General Plan being presented for City Council approval with over half initiated by the Planning Department. To accomplish this task in the August 1 to December 1 period requires much overtime and the diversion of staff activities to support the General Plan activity. It is felt that doing General Plan changes more frequently would "load level" the activity and would probably not require additional resources if appropriately implemented.

Potential Time Savings

Up to 6 months.

Conclusion

More extensive use should be made of automatic data processing in Community Development. No integrated system exists or is planned to streamline work or increase productivity either within Community Development or between Community Development and other city functions.

Recommendations

1. Continue development and/or implementation as well as file updates associated with Tracking Reports for permit processing encompassing the following areas:
 - Planning Department; and
 - Private Development, inclusive of engineering plan check. *Near Term.*
2. Continue to add applications to the word processing system and train operators in its use involving such items as notices, agendas, ordinances, General Plan, etc. *Near Term.*

3. Undertake an in-depth systems study and analysis to determine computer applications which would be beneficial to the Planning and Private Development Departments and the relationship to the data and system needs of other city organizations. The study would be conducted within the framework of developing an integrated database system which would run on the city's mainframe computer. *Long Term.*
4. Upon completion of the above, consider the following areas as candidates for the application of database techniques to the needs of the Planning and Private Development Departments:
 - Expanded Tracking Reports which would contain the necessary criteria to be used as a management tool to measure performance and workload;
 - On-line data entry and retrieval of status information;
 - Mapping system using computer graphics for the physical display of property as well as General Plan and zoning requirements, historical data, etc.;
 - Forecasting system utilizing data available internally such as tentative maps in process, combined with input obtained from private developers;
 - Computer aids for plan check process, e.g., building code requirements, structural analysis, etc.; and
 - Word processing. *Long Term.*

Discussion

1. Development Services is currently in the process of implementing and enhancing Tracking Report capability and hopes to complete its work by the end of 1980. The Planning Department is updating the database that produces their permit processing Tracking Report in order to make it more meaningful and complete. Some word processing applications have been placed on the word processor located in the Planning Department; however, it appears that the equipment is underutilized.

An integrated computer system and database should be developed which would encompass the data processing requirements of the Planning and Private Development departments as well as those of

other city organizations, many of which overlap. This system should provide online, realtime capability for data retrieval and database updates, as well as word processing software facilities. In the interim, development and implementation for reporting systems, word processing, etc., should continue using hardware available within Community Development.

The recommendations outlined above are somewhat less specific than others contained in this report due to the fact that lengthy studies are required and also because of their all encompassing nature involving the review of an area which is outside of the scope of this Task Force Project. The Project Team feels, however, that enough information has been gathered relative to the permit issuing process to determine that the mechanization of the areas mentioned would increase efficiency, shorten time intervals and result in a reduction of personnel and departmental equipment.

Potential Time Savings

Indeterminate, but could be substantial.

Conclusion

Infrequent users find the present permit processing system overwhelming and confusing.

Recommendation

1. Formal guidelines ("what-to-do" brochures) should be prepared and made available for the more frequent types of permits. *Near Term.*

Discussion

1. Most infrequent users find the permit system overpowering. The city staff spends considerable effort at the permit counter helping the applicants with the paper work and requirements. While this activity is necessary, an overall productivity improvement could be realized by preparing guidelines for common types of small project activities that cover the majority of the more routine and fundamental questions usually asked by the applicant. This will not only speed up the "counter conversations" but will allow the staff member (who should be cross-

trained in several planning disciplines) to devote the saved time to plan checking, EIR evaluation, zoning requests, General Plan change requests, etc.

Potential Time Savings

Up to 1 week.

Conclusion

Critical positions are unfilled because of the lack of trained candidates.

Recommendation

1. Establish local college/city training programs for critical resources. *Near Term.*

Discussion

1. Many critical positions in the Planning Department are unfilled because of the lack of adequate candidates. This is also true throughout the entire city. While many positions are unfilled because of the low starting pay or Equal Employment Opportunity goals, many go unfilled because there is a scarcity of qualified applicants. In the Planning Department this is especially true of technicians. One way to resolve this issue is to make the availability of openings and positions requirements available to the local colleges and evening study programs. Thus, programs could be designed that will graduate people with the right background and training to fill these critical areas.

Potential Time Savings

Indeterminate, but significant.

Conclusion

The publication requirement for ordinances contained in Section 603 of the City Charter serves no practical purpose in the land development area.

Recommendation

1. Amend the City Charter to allow simultaneous passage and adoption of ordinances relating to the land development permit processes. *Near Term.*

Discussion

1. Many of the approvals in the land development permit approval processes (e.g., zonings) require the adoption of an

ordinance by the City Council. Section 603 of the City Charter requires that, for most ordinances, the title of the ordinance must be published in a newspaper and that at least six days must elapse between passage and adoption. We feel this one week publication period serves no practical purpose in the land development area, since the public already has had the opportunity to be heard before the City Council, the Planning Commission and the Planning Director. The possibility that publication of title in a newspaper will provoke an as-yet-unheard public opinion is remote at best and probably non-existent. Nevertheless, the citizenry still has the opportunity to challenge an ordinance during the 30 day waiting period between the date of adoption and the date of effectiveness. On the one hand, this recommendation "only" saves a week; on the other, however, one week savings can add up, especially to the large developer who can be paying hundreds, if not thousands, of dollars per day in interest costs.

Potential Time Savings
1 week.

Conclusion

There are a number of miscellaneous potential improvements, actually implemented in other cities, which have been written about in some detail in *SIMPLIFYING DEVELOPMENT REGULATION: A GUIDEBOOK FOR LOCAL GOVERNMENTS*, published by the American Planning Association (Draft: March, 1980).

Recommendation

1. Appropriate city staff members should be assigned to review this publication in

Project Leader

Donald Murray — General Electric Co.

Project Members

Glenn MacGrady — International Business Machines Corp.

Dave Jones — Western Electric Company

Vince McInerney — Ernest & Whinney

some detail for potential applicability to the San Jose land and building development permit systems. *Immediate.*

The Project Team suggest that special attention be focused on the following areas:

- Establishment of joint staff review committees (p. 38).
- Establishment of a Simple In/Fast Out (SIFO) procedure for simple non-residential building permits (p. 42).
- Establishment of a simultaneous review procedure, perhaps optional for the applicant, for the multiple permits/approvals involved in large developments (p. 43).
- Training of "permit expeditors" (p. 46).
- Establishment of formal training programs in city planning/zoning/land use principles for newly elected and appointed officials (p. 74).
- Establishment of hearing officials to off-load Planning Commission duties (p. 86), or of dual Planning Commissions (p. 98).

Discussion

1. The GUIDEBOOK is a recent publication of the American Planning Association with the assistance of the Urban Land Institute. Many cities, including San Jose, contributed to the GUIDEBOOK's preparation. While some of the improvements suggested in the GUIDEBOOK are currently being implemented in San Jose, either wholly or partially, the Project Team believes that a thorough and open-minded scrutiny of the GUIDEBOOK will be worthwhile.

Potential Time Savings

Indeterminate, but could be substantial.

City Coordinator

Dave Boggini — Deputy City Manager,
Community Development

City Staff

Larry Bohanan — Private Development
Department

Ted Buckius — Private Development
Department

Pat Columbe — Planning Department

Bill Thomas — Planning Department

CITY OF SAN JOSE ORGANIZATION CHART

Office of Management & Budget August 1980

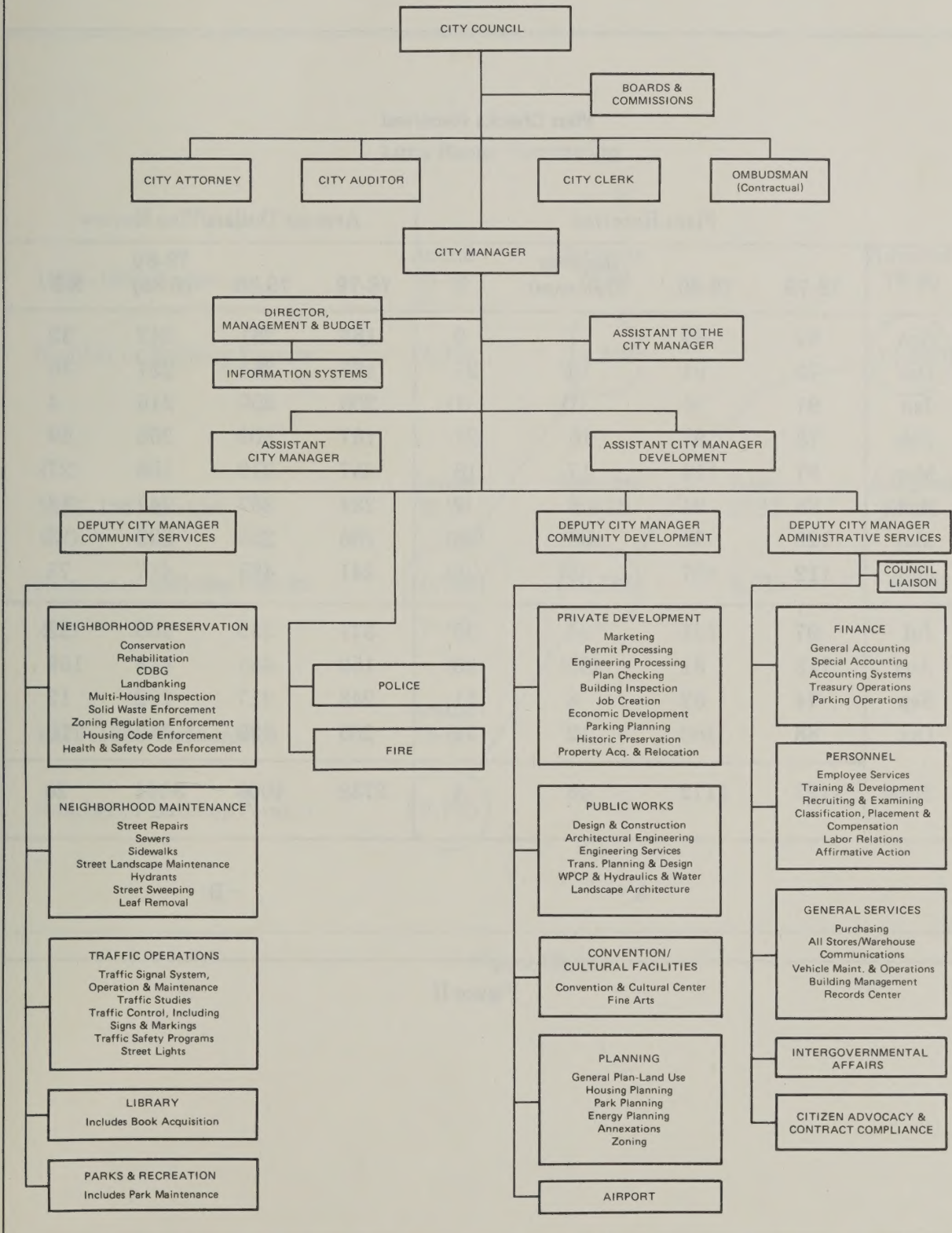


Figure I

Plan Checks Received								
Plans Received					Average Dollars/Plan Review			
	78-79	79-80	Increase (Decrease)	%	78-79	79-80	79-80 (0.86)	%\$
Nov	82	89	7	9	183	281	242	32
Dec	72	91	19	27	167	264	227	36
Jan	97	96	<1>	<1>	206	250	215	4
Feb	78	94	16	21	167	309	266	59
Mar	97	114	17	18	257	219	188	<27>
Apr	88	94	6	7	284	287	247	<13>
May	129	93	<36>	<28>	256	258	222	<13>
Jun	112	107	<5>	<5>	241	485	417	73
Jul	97	131	34	35	371	335	288	<22>
Aug	113	81	<32>	<29>	159	481	413	159
Sep	74	82	8	11	243	317	272	12
Oct	88	100	12	14	205	520	447	118
Total	1127	1172	45	4	2739	4006	3444	26
— A —					— B —			

Figure II

Long Range Forecasting

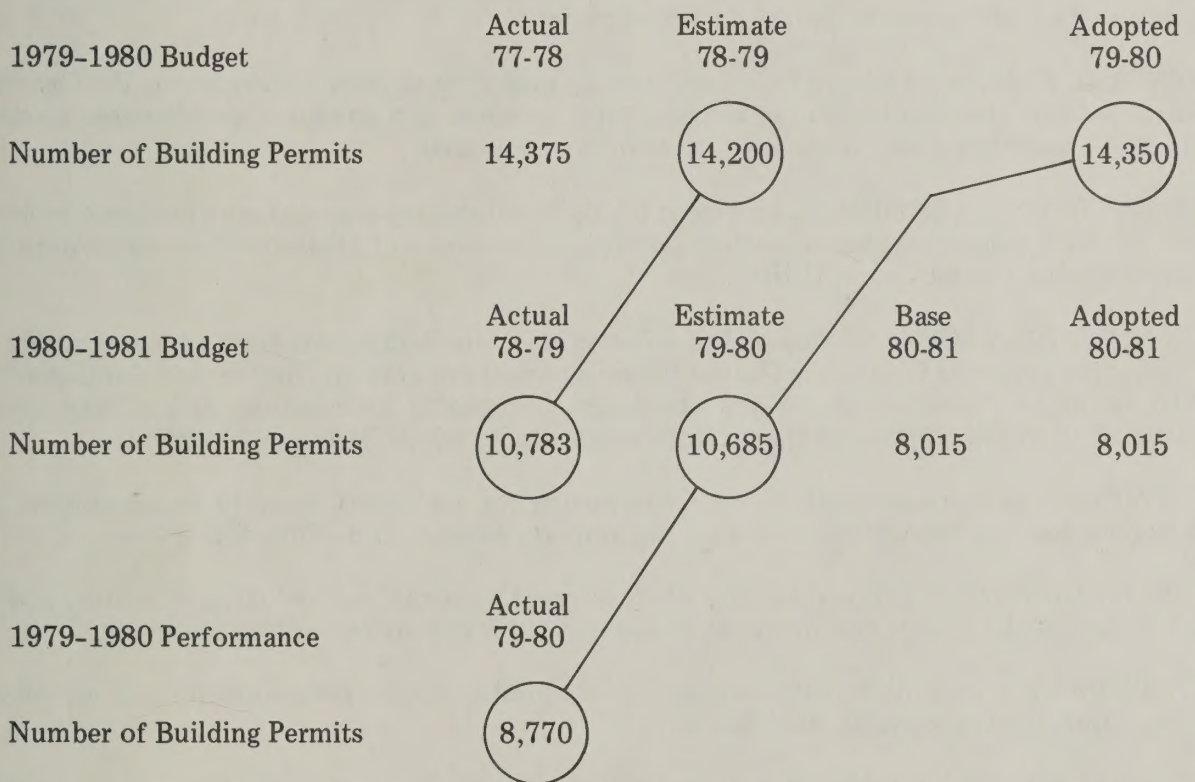


Figure III

GLOSSARY OF PLANNING TERMS

CONDITIONAL USE PERMIT is a permit which may allow a land use not permitted by right in a zoning district and which does not become effective until the applicant agrees to all of the conditions imposed by the City.

DIRECTOR'S HEARINGS are scheduled meetings on Land Use Development items on which the Director of Planning may render final decisions. All Director's decisions may be appealed to the Planning Commission or the City Council. Some processes allow only the applicant to appeal (Site Development Permits and Planned Development Permits).

ENVIRONMENTAL IMPACT REPORT is a detailed statement setting forth the environmental effects and considerations pertaining to a given project.

GENERAL PLAN is the adopted statement of City policy for physical development. The General Plan represents the intent as to the amount, type, location, and phasing of development needed to achieve the City's social, economic, and environmental goals.

NEGATIVE DECLARATION is a statement briefly describing the reasons that a proposed project will not have a significant adverse effect on the environment and, therefore, does not require an Environmental Impact Report (EIR).

PLANNED DEVELOPMENT PERMIT is a Conditional Use Permit that must be issued within a Planned Development Combining District before a project can develop. The Planned Development (PD) Permit is a process that reviews site design, landscaping, architecture, parking, and space relationships of the project and the project's compatibility with adjacent development.

PREZONING is a procedure that establishes zoning for a property prior to its annexation. A prezoning does not become effective until the property annexes to the City of San Jose.

PUBLIC HEARING is a formal hearing where advance notice is required giving the time, place, and subject of the hearing and where the public may offer oral and/or written testimony.

REZONING is a procedure that designates a new zoning district for a property. All rezonings occur within the corporate limits of San Jose.

SITE DEVELOPMENT PERMIT is a permit that must be acquired through the Planning Department prior to the construction or exterior alteration of any building other than detached single-family residential within any zoning district except PD (Planned Development). The site development process reviews site design, landscaping, architecture, parking, and space relationships of the project and the project's compatibility with adjacent development.



INTERGOVERNMENTAL AFFAIRS

Intergovernmental Affairs Review

Environment

In the City structure, the responsibility for intergovernmental affairs falls under the Deputy City Manager of Administrative Services. Within Administrative Services there is an intergovernmental affairs staff with a current budgeted headcount (1980/81) of seven. The staff includes the following positions:

• Supervisor	1
• Legislative Research Specialist	1
• Staff Analyst	3
• Secretary	1
• Grants Coordinator	1 (unfilled)
Total	7*

*Not included above is a contract legislative advocate in Washington, D.C., and a contract steno clerk position in Sacramento.

As outlined in the 1980-81 program budget, the mission of the intergovernmental affairs staff is to:

- Coordinate legislative and intergovernmental activities
- Prepare analyses of pending Federal, State, regional and county legislative and administrative proposals
- Centrally coordinate intergovernmental (especially State and local) funding of appropriate City programs
- Analyze and monitor proposed grant-related legislation.

The stated objectives of the intergovernmental affairs staff (1980-81 program budget) are:

- Analyze 590 State, regional and county legislative proposals
- Monitor 48 approved grant programs
- Reduce adverse audit findings on grant programs by 10 percent
- Provide staff analysis for Grant Review Committee consideration of 30 new grant proposals

The intergovernmental affairs staff is housed in the main City Hall except for the Sacramento and Washington, D.C. personnel. The Legislative Advocate (a regular employee) at Sacramento maintains an office in the League of California Cities building adjacent to the

State Capital grounds. The Legislative Advocate (a part-time contract person) at Washington, D.C. maintains an office with her parent firm, National Center for Municipal Development, Inc., in the Washington, D.C. area.

RESEARCH

Interviews were held with other cities and a number of private businesses in order to provide comparative data on public affairs activities. The cities contacted were chosen because of their population and the reputation of their intergovernmental affairs staffs. The businesses contacted are associated with the San Jose Management Study Task Force. The following is a summary of the results of these interviews.

Los Angeles

Structure

The Intergovernmental Affairs Group in Los Angeles is the largest of those contacted. The department averages 60-70 people. It is headed by a Chief Legislative Analyst who is appointed by and reports to the City Council. The department is responsible for providing staff support for all Council committees, public relations for the Council, grants administration, as well as handling intergovernmental relations. The organization has separate departments for Intergovernmental Affairs and Grants Administration. Each department is headed by a director who reports to the Chief Legislative Analyst.

Intergovernmental Affairs (IGA)

This group has a staff of about 40. In Washington, D.C., they have two full-time and two part-time lobbyists. The Washington staff assists the City in obtaining grants as well as lobbying legislation. In Sacramento they have three full-time employees. The staff in Los Angeles handles bill analysis and works with the county, other cities, the League, and the Intergovernmental Affairs Committee of the Council.

Bill Analysis

Each year the Director of Intergovernmental Affairs provides the Council with an analysis of the upcoming session in Washington and Sacramento. The Council, with recommendations from the IGA staff, develops a general policy statement on each of the anticipated issues. These statements provide general direction to the lobbyists. When the lobbyists need direction on a specific bill, IGA develops a recommendation which is presented to the Council's Intergovernmental Affairs Committee. The Committee considers the recommendation, along with input from interested citizens and businesses, and makes a recommendation to the Council, where the final position is determined.

Grants Administration

The Grant Administration Department has a staff of nine. This group does not write grants but assists the departments in writing them. They monitor the grant process within the City and keep track of available grants within the Federal and State governments. This group was formed in the mid-seventies and since that time the level of grants has increased from one hundred and fifty million dollars annually in 1972 to six hundred and fifty million dollars in 1980. They feel the biggest difference since the department's formation is that they no longer miss deadlines. The City's philosophy in applying for grants is to "go after almost everything."

Phoenix

Structure

In Phoenix the intergovernmental relations function is performed primarily by one individual. This person, the Intergovernmental Programs Coordinator, reports to the Assistant City Manager but has frequent contact with the Mayor and City Manager. The Coordinator serves as the City's lobbyist for the State Legislature and coordinates the lobbying activities in Congress. In Washington, the City shares a contract lobbyist with two other cities.

Bill Analysis

The Intergovernmental Programs Coordinator analyzes legislation with input provided from

the departments. A recommended position is prepared and presented to the City Council. Coordination with local businesses on legislative issues is very strong. The City uses the Chamber of Commerce and local business leaders to help lobby on appropriate issues. One way the City encourages this approach is by having local business people involved in City Commissions.

Grants Administration

Grant proposals are reviewed by the Intergovernmental Programs Coordinator but are written by the individual departments. The 1981 budget includes one hundred and sixty four million dollars in grants. Sixty million of this from State revenue sharing.

San Diego

Structure

San Diego has recently completed a reorganization of their Intergovernmental Relations Department. This reorganization was undertaken for three reasons: 1) to improve communication with the Mayor, 2) to centralize grants administration, and 3) to focus more attention on interaction with the County and other local City governments. In the new organization the Director of Intergovernmental Relations is appointed by the Mayor and confirmed by the City Council. The director reports to the Mayor. He has a staff of six people. In Washington the City has a lobbyist and a clerk. In Sacramento they have a non-exclusive contract lobbyist. The remaining staff in San Diego consists of the Director, a newly hired grants coordinator, and a private endowment officer.

Bill Analysis

Policy guidelines are developed annually by the IGA staff and approved by the Council. These guidelines provide the legislative advocates with general guidance. When necessary, specific legislation is routed to the departments for analysis. San Diego does not use the League of Cities analysis. They feel the League's analysis is not reflective of large urban cities but of smaller suburban communities.

Grant Administration

The City just hired a grants coordinator who

will oversee program development but will not write the actual grants. This function will continue to be performed by the departments. The City currently has 140 grants from 29 different Federal and State agencies. The total grants in operation amount to one hundred and seventy five million dollars. They do not know how much grant money they receive annually.

San Diego also has an endowment officer. This individual works to obtain private grants from corporations and individuals. During the last five years the City has averaged two million dollars in grants from the private sector.

Santa Clara County

Structure

The County has four people in Intergovernmental Affairs. The supervisor of this group reports to the County Executive. The County has full-time lobbyists in Washington and Sacramento. The staff at the County consists of the IGA supervisor and a clerk.

Grants Administration

The IGA group has no responsibility for grants administration. The responsibility lies with the individual departments. The County annually receives approximately two hundred and seventy million dollars in grants. This does not include another one hundred million dollars they receive in welfare money from the federal government.

Scottsdale, Arizona

Structure

Scottsdale has a Coordinator of Governmental Affairs who has one assistant and one secretary. While the Coordinator reports directly to the City Manager, she deals more frequently with the Mayor and City Council. In Washington the City has one person on contract who tracks legislation and serves as an information source. Any lobbying is done by the Mayor and the City Manager. They also make good use of their congressional representative. The State Legislature is only in session a few months of the year. Since Scottsdale is only twelve miles from the Capital, there is no need for a separate staff. Again lobbying is handled by the Mayor and City Manager. The Coordinator for Governmental Affairs also lobbys

the State. The City feels they have excellent rapport with the local business community and, when appropriate, they also assist with lobbying.

Bill Analysis

The City depends heavily on the League of Arizona Cities for their bill analysis. Major impact bills are routed by the Coordinator to the departments for additional analysis.

Grants Administration

Scottsdale uses a decentralized approach to grants administration. The Coordinator for Governmental Affairs keeps track of available grants but does not write the grant proposals. This task is performed by the individual departments. The City was featured on *60 Minutes* for their Federal Assistance Program Retrieval System. This is a computerized reference system which lists available federal grants. The Government Affairs Coordinator controls the departments' access to this program. She feels the system is overrated. They usually are already aware of available grants through other sources, and the program serves mainly as a check. They feel their success in obtaining grants is due to their selectivity in choosing what they go after. They do not spend time writing proposals unless the payoff looks good. The City only has two major grants at this time. These grants, plus their federal revenue sharing, equal two and half million dollars per year.

Seattle

Structure

The Director of the Office of Intergovernmental Relations is appointed by the Mayor and confirmed by the City Council. The Director reports to the Mayor. The department has a political orientation. It is the Director's philosophy that it is his job to staff the Mayor for his State and national role. He goes with the Mayor on trips to Washington, League of Cities conventions, and writes most of the Mayor's speeches.

The Office of Intergovernmental Relations has a staff of six to ten. They do not have a lobbyist in Washington but the Director flies back when necessary. They depend on their

congressional delegation to keep them informed. The City usually has one person at the State Capitol but they add four contract people when the Legislature is in session. In Seattle there are two legislative analysts. One of these analysts is on a two-year loan from the Federal government under the Intergovernmental Personnel Act. The Seattle staff also has one person who has the responsibility of interacting with the county, the transit agency, and various commissions. The final member of the staff handles school closures.

Bill Analysis

The City uses the League of Cities bill analysis but also does much of their own analysis. This analysis is done jointly by the departments and the Intergovernmental Relations staff analyst.

Grants Administration

The Intergovernmental Relations (IGR) group primarily serves as an information source on grants. The grants are written by the individual departments with occasional assistance by the IGR staff. The City feels they have been very successful in obtaining grants; currently they have one hundred and fifty five million dollars in their grants inventory with fifty three million dollars of this in their 1981 operating budget. They feel many of these grants have been the result of Senator Magnuson's personal assistance in Washington.

Private Sector

Structure

The structure and size of the Public Affairs Departments in the businesses interviewed varied according to the size and type of the business. Only one of the businesses had a corporate lobbyist in Sacramento. The other corporations seemed to be minimally impacted by State legislation. In Washington the corporations tend to hire contract lobbyists, use associations and organizations, or fly corporate representatives to the capital when necessary. All of the public affairs groups have excellent access to the corporate decision makers, either by formal or informal reporting arrangements. Those interviewed were in agreement that this access is vital to success of their public affairs activities.

Bill Analysis

In general, the corporations interviewed use the bill analyses provided by the Chamber, California Manufacturer's Association, and other associations. In addition, bills with significant impact on the corporations are routed to individual departments for corporate analysis.

Discussion

In one respect, the Intergovernmental Affairs (IGA) staff are the City's eyes and ears to the outside world. The very nature of their activities requires them to be focused on public matters beyond the City limits. The points of contact identified as primary targets are the Federal and State governments and in particular the Legislature at the State level and the Executive Branch at the Federal level. Legislative bill analysis and grant funding solicitation and monitoring are the two most important activities of the IGA staff.

In examining the work load of IGA from an overall viewpoint, the work breaks into three general categories:

- Legislative analysis
- Grant coordination
- Special assignments and projects

Legislative analysis is of paramount importance, for the nature of municipal government is materially influenced and affected by actions at Sacramento and in Washington, D.C. It is axiomatic that an efficient City government is a well-informed government. Much streamlining and improvement in the present tracking system for major intergovernmental issues is needed. A common thread running through the majority of the interviews conducted with San Jose personnel was that it is difficult to keep up with and understand what is going on with government affairs on the *outside*. Further, there needs to be a more assertive posting by staff to the City Council on what the priorities and major intergovernmental (political) issues are. This posting

needs to be crisp and frequent — for example, a one-page executive summary published monthly. Such a summary would be provided to the City Manager for review and presentation to the Council.

Each member of the IGA staff, including the supervisor, should be responsible for and sensitive to the legislative analysis process, although the in-depth analysis work should be accomplished by the three staff analysts at San Jose. The legislative advocate (employee) at Sacramento and the legislative advocate (contract person) at Washington, D.C. must certainly be sensitive to the import of legislative issues that affect San Jose, but their primary work is and should be surveillance of, and direct contact with, legislators. Further, the Sacramento and Washington, D.C. representatives for San Jose cannot do an effective job unless they have a clear and concise picture of the “pecking order” on legislative issues as directed from San Jose. This means that the management of San Jose must provide the two field representatives with a clear and continuous picture of the position that City management has on key issues. The danger of remote personnel is the span of control being too far — “out of sight, out of mind” — not being a part of the team. A brief review of the history of how IGA operations have been structured in San Jose indicates a “whole lot of stops and starts,” tentative steps in one direction and then a shift in another direction as City administrations have changed. All of this shifting of personnel and realigning of functional responsibilities have not made for a solid and stable IGA operation. Hopefully, the present City administration can create an efficient and well-organized IGA process. This can only come about by a proper organizational structure and with the “right people in the right jobs.”

It is important to note that the majority of legislative analysis occurs at the California State level because of the much faster bill process in Sacramento as compared with Washington, D.C. However, the majority of grant dollars is derived from Federal funds. One important aspect of the State legislative bill analysis by the IGA staff is to be sensitive

to pending legislation that could, in fact, create an additional expense burden on San Jose, such as statutes on transportation issues, penal codes, etc.

While the Federal and State governments are major points of attention for the IGA personnel and while this is where they are focused, it is also necessary to be sensitive to and aligned with the activities of other groups such as:

- The County of Santa Clara
- Other California cities
- League of California Cities
- Chamber of Commerce
- Intergovernmental Council (IGC)
- Intercity Council (ICC)
- Private sector business community

Most of the time and attention of the present IGA staff is given to working with State and Federal issues. San Jose is a dominant force in Santa Clara County and it is the opinion of our Management Task Force that only a token contact exists between the IGA efforts of the City and the County. Most of the current major issues in San Jose (transportation, water pollution control plant, airport, etc.) are items that affect the County and the surrounding cities. There need to be closer ties between the City and County personnel (starting with the City Manager and the County Executive).

The private sector business community can be supportive in helping San Jose on intergovernmental affairs on selected issues. While we do not see a formal on-going partnership on across-the-board lobbying efforts at Sacramento and in Washington, D.C., we can see the reasonableness of various San Jose based companies providing technical support on issues that affect both the company and the City. The transportation problems in Santa Clara Valley are a classic example. Companies are being adversely affected by the extremely difficult commuting-to-work problem that now exists.

The IGA function in San Jose was compared with other cities in terms of staff size, field representation, grant fund level being monitored, and where the function reported (level) in the management structure (details provided in Appendix). As to staff size, San Jose probably has a sufficient number of personnel to

operate effectively with the inclusion of the full-time Grants Coordinator position at San Jose and a new part-time contract legislative advocate in Washington, D.C. Clear-cut definitions of job assignments and a timely flow of communications among and between IGA staff members is more apt to improve production than hiring additional personnel.

A review of the operational grants in San Jose indicated that as of December 1, 1980 the following dollar levels were in existence:

• Grant funds	\$101,385,900
• Local matching funds	11,442,999
Total	\$112,828,899*

*See Appendix for detail.

Grant monies provide a substantial part of the budget for major U.S. cities. San Jose is no exception. The 1980-81 budget for San Jose is \$383 million. \$51 million of the total budget or 13% is from grant and revenue sharing activities. Currently, San Jose has a total of \$101 million (this includes the aforementioned \$51 million) in *operational* grants. This total includes monies allocated over a three year fiscal period (1978-81).

Grant development for a city is a complex process. Most cities decide on what their needs are, then seek out possible funding sources (usually Federal), and then go through the grant application process and hope to win approval for their request. It is our consensus that San Jose should be very selective and go after only those grant projects that they realistically need and focus all of their energy behind winning. This process necessitates a close monitoring and support role by IGA as the various City departments develop the grant applications.

San Jose has decentralized the grant development and writing process. Each City department is responsible for preparing the grant application and, if won, the department is also responsible for managing the grant program. The present responsibility of IGA is to review, edit and monitor the development grant applications. Each of the three staff analysts is assigned specific departments within the City to interface with on grant activities. While each of the staff analysts is capable of writing grants, they serve more effectively in the role of advisors and counsels for the more

technically oriented "department" grant personnel. For example, the Police Department and the Park & Recreation Department have specialists who focus just on grant matters in their respective areas of expertise. Our observation of this system is that it is working effectively and should be continued. It is our opinion that if the departments play a major role in writing and preparing the grant, then they are more apt to be comfortable with it and will manage it more effectively.

The newly created position in IGA of a Grants Coordinator can be used effectively to streamline and organize the grant monitoring process. It appears that this position would best serve the City's interests by having the person assigned be a specific point of reference in the City for *all* grant activities. This very important coordination responsibility needs to be centralized. The Grants Coordinator must spend a considerable amount of time out in the City departments in an advisory role, passing on information on opportunities and also in providing assistance in the "packaging" of the grant applications. The Coordinator also should serve as support and counsel to the Grants Committee for the City. In addition, consideration should be given to having the Grants Coordinator also responsible for developing sources of private endowments for the City (see page 2, 2nd ¶ under San Diego, Grant Administration).

A number of California cities assign members of their IGA staff to Sacramento. This system of operation provides a more direct link with the legislative process and a quicker communication loop between San Jose and the capital. San Jose is one of the few California cities which maintains a full-time employee lobbyist at Sacramento (see Appendix B for comparison detail). Based on interviews with City personnel, and upon weighing the merits of the present assignments for the Sacramento-based employee lobbyist, this assignment is working very well. The close proximity of the San Jose legislative employee to Senate and Assembly is critical. In addition, the location also makes it possible for supportive interface with legislative advocates from other California cities. It is important for all City management personnel to utilize the services of the Sacramento-based legislative advocate, but it is equally important in terms of basic

business management principles that the IGA manager at San Jose be kept apprised of any major requests from City management personnel.

It is equally important for the City to be well represented in Washington. While some cities have employee lobbyists, the most efficient method seems to be the contract lobbyist. Currently San Jose is searching for a new

contract lobbyist. It is important that the individual chosen have a proven track record of success at the capital. It is equally important that the City be clear in communicating its priorities and objectives to the lobbyist. Local congressmen should also be used as a source of influence for the City. Communication of local concerns to our representatives will benefit our congressmen as well as the City.

Recommendations

Savings/Cost Impact

IGA Field Representatives receive policy direction from the Mayor and the appropriate council committee in developing legislature strategy. These representatives should report directly to the City Manager for administrative direction to add stature and reduce levels of communication. (Day to day coordination of the representatives' activities should be facilitated by the Director of Intergovernmental Affairs.)

None

Benefits

- Direct flow of external sensitive political issues
- Allows IGA head to focus more on County and private sector matters

The title for the head of the IGA staff should be changed from "Supervisor" to one more appropriate with the responsibility of the office — either Manager or Director.

Cost impact dependent on salary schedules.

Benefits

- Adds stature to IGA office
- More appropriate for scope of job

The newly created position for a Grants Coordinator should be expanded to also cover endowment coordination from the private sector (individual and/or corporate).

No cost impact; potential increase in revenue through endowment program

Benefits

- Helps develop City liaison with private sector
- Added source of funding

A concise and periodic (monthly) executive summary report should be submitted by the IGA office to the City Manager on *key legislative issues*. This report should also include grant/endowment activities that reflects dollar levels, win/loss ratios, and any other pertinent related facts. Copies of the summary should be dispersed to all IGA staff members including the Sacramento and Washington, D.C. personnel.

None

Recommendations (Cont.)

Savings/Cost Impact

Benefits

- Better tracking of issues
- Improved communications

The head of the IGA staff should establish and maintain a close liaison with the IGA staff of the County, other cities in Santa Clara County, and the private business sector.

None

Benefits

- Better diplomatic relations
- Improved communications

All basic grant writing personnel throughout the City should remain in the various departments. The monitoring and coordination function should remain centralized in IGA.

None

Benefits

- Best for department interest/morale
- Improved coordination process for City management

No change is recommended in the operation of the Sacramento function of IGA other than to maintain close communications via telephone with the City Manager, and attendance by the Sacramento legislative advocate once a month at an IGA staff meeting in an advisory capacity.

None

Benefits

- Improved morale for staff
- Improved communications

A non-exclusive contract legislative advocate with a proven record of success in Washington should be retained. This person should be given clear objectives and priorities by the City Manager.

Cost impact dependent
upon contract

Benefits

- Improved sensitivity on funding sources
- Improved communication channel
- Improved potential for additional grant funding

Project Leader

William Burtis — Lockheed Missiles and Space Corp.

City Coordinator

Sally Reed — Deputy City Manager, Administrative Services

Project Member

Jan Strader — Pacific Telephone and Telegraph Company

City Staff

*Joann Foreman — Intergovernmental Affairs
Odus Lynd — Intergovernmental Affairs
Will Stubbee — Intergovernmental Affairs
David Ybarra — Intergovernmental Affairs*

APPENDIX A

COMPARISON OF INTERGOVERNMENTAL AFFAIRS STAFF SIZE IN SELECTED CITIES

	Population	IGA Staff		IGA Reports To
		City Employees	Contract Personnel	
Los Angeles	2.7M	60	1	Council
Phoenix	800K	1	1/3	Asst. City Manager
San Diego	800K	6	1	Mayor
Santa Clara County	1.3M	4	—	County Executive
Scottsdale, Arizona	100K	3	1	City Manager
Seattle	500K	6	4	Mayor
San Jose	650K	6	2	Deputy City Manager

APPENDIX B
NUMBER OF LOBBYISTS IN
STATE CAPITOL AND WASHINGTON, D.C.

California	Sacramento	Washington, D.C.
San Jose	1 City employee	1 contract, non-exclusive
San Diego	1 contract, non-exclusive	1 City employee
Los Angeles	2 City employees 1 contract, exclusive	1 City employee 1 contract, exclusive 2 contract, non-exclusive
Santa Clara County	1 County employee	1 County employee
Oakland	1 contract, non-exclusive	NA
Long Beach	1 contract, non-exclusive	NA
Fresno	No lobbyist	NA
Sacramento	No lobbyist	NA
Other States	State Capital	Washington, D.C.
Seattle	1 employee 2 contract, non-exclusive	No lobbyist
Phoenix	No lobbyist	1 contract, non-exclusive
Scottsdale	No lobbyist	1 contract, non-exclusive*

*This person is only an information source, not a lobbyist.

APPENDIX C

COMPARISON OF GRANT LEVELS IN SELECTED CITIES

(These figures include Federal and State funds in capital, operating grants and revenue sharing)

	Population	Total Operating Grants	1981 Budgeted Grants
Los Angeles	2.7M	NA	\$650M
Phoenix	800K	\$164M	\$120M*
San Diego	800K	\$175M	NA
Santa Clara County	1.3M	NA	\$271M
Scottsdale, Arizona	100K	NA	\$2.6M
Seattle	500K	\$155M	\$53M
San Jose	650K	\$101M	\$51M

*Includes \$60M annual State revenue sharing from sales and income tax.

K = Thousand

M = Million

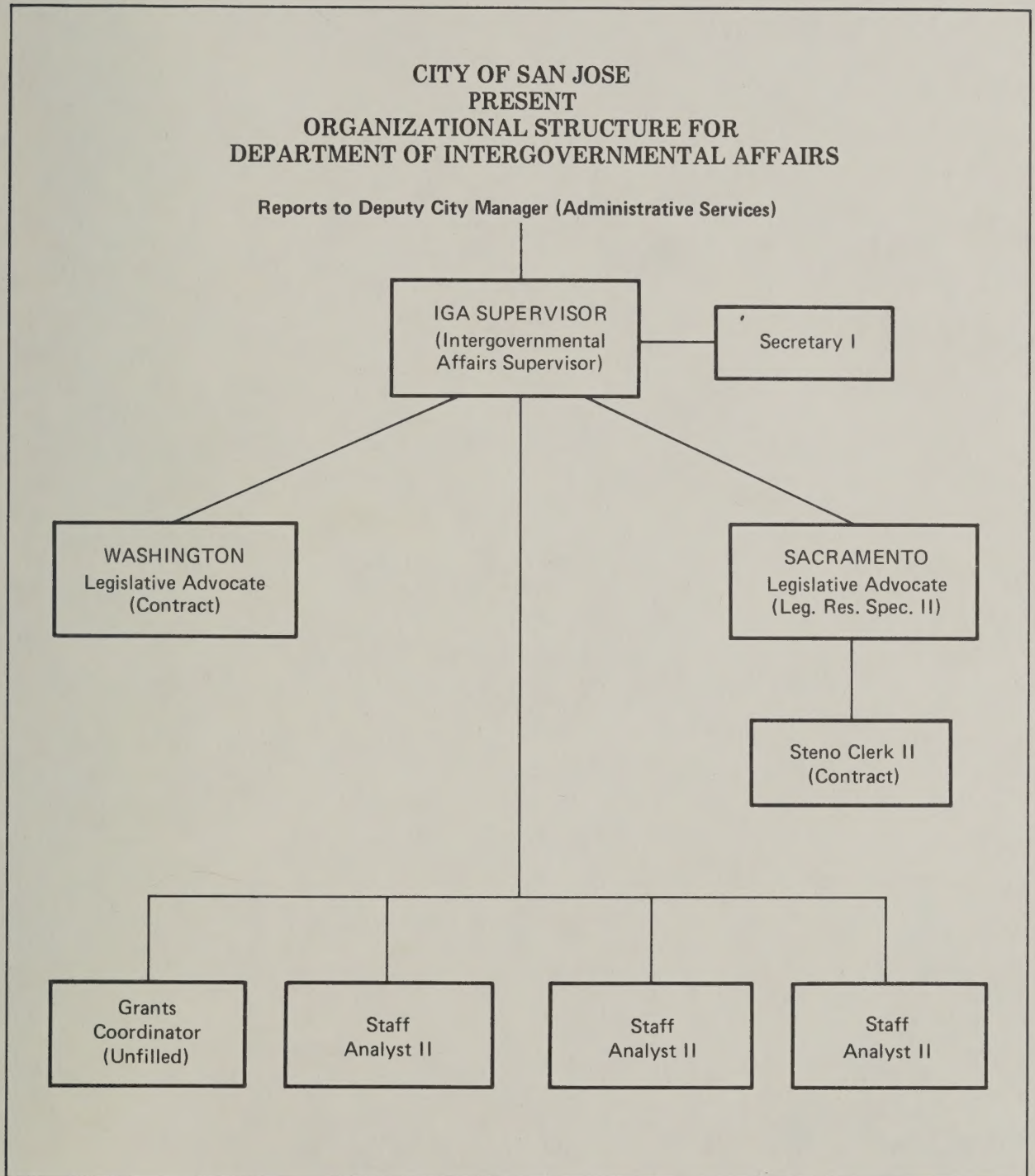
APPENDIX D
GRANT PICTURE
(Operational Grants in San Jose by Analyst)

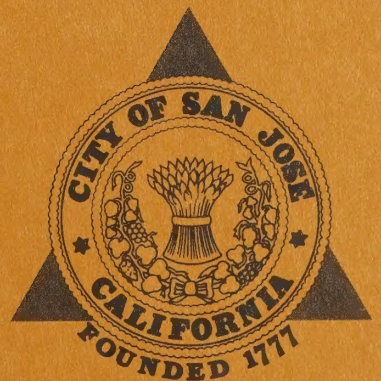
	Grant Funds	Local Funds	Total
Analyst A			
Parks & Recreation (capital)	\$ 5,121,000	\$ 1,621,000	\$ 6,742,000
Parks & Recreation (operating)	41,000	32,000	73,000
Airport (capital)	6,925,000	1,597,000	8,522,000
Library (operating)	13,000	0	13,000
Personnel — CETA (1978-81)	4,867,000	0	4,867,000
Revenue sharing (1978-81)	21,995,000	0	21,995,000
Totals	\$ 38,962,000	\$ 3,250,000	\$ 42,212,000
Analyst B			
City Manager's office	\$ 3,042,526	\$ 2,510	\$ 3,045,036
Police Department	13,670,774	2,589,089	16,259,863
Traffic operations	974,600	25,400	1,000,000
Public Works — Transportation	5,220,000	1,020,000	6,240,000
Traffic Operations (CalTrans discretionary funds)	473,000	0	473,000
Totals	\$ 23,380,900	\$ 3,636,999	\$ 27,017,899
Analyst C			
Community development block grant	\$ 7,300,000	\$ 0	\$ 7,300,000
Economic Development Admin. (EDA)			
Title IX and Section 302(a) programs	100,000	100,000	200,000
Dept. of Energy (DOE) Electric & Hybrid Vehicle (EHV) demonstration program (4 year program)	170,000	0	170,000
Solid waste management, litter control, etc.	118,000	0	118,000
Water Pollution Control Plant (WPCP)			
• Sludge solids disposal	28,800,000	4,091,000	32,891,000
• Final effluent tran. facilities	1,750,000	250,000	2,000,000
• Remodel shower, locker room & lunch room	148,750	21,250	170,000
• Contingency for Advanced Waste Treatment Facilities	656,250	93,750	750,000
	\$ 39,043,000	\$ 4,556,000	\$ 43,599,000
Grand total of all operating grants in San Jose	\$101,385,900	\$11,422,999	\$112,828,899

APPENDIX E

**CITY OF SAN JOSE
PRESENT
ORGANIZATIONAL STRUCTURE FOR
DEPARTMENT OF INTERGOVERNMENTAL AFFAIRS**

Reports to Deputy City Manager (Administrative Services)





TASK FORCE MODEL

Task Force Model

The model for conducting the San Jose Management Study Task Force was developed after extensive investigation into other private/public ventures throughout the nation.

The following objectives, organizational structure and responsibilities were formulated to ensure a framework for success. Every effort was made to communicate these to all participants and others who may be affected by the study results and recommendations.

Objectives

Primary

- To determine how government services in the City of San Jose can be provided in a more efficient and economical manner.

Secondary

- To simplify intradepartmental organizations so administrative overhead is minimized and appropriate support activities are combined.
- To increase productivity through more efficient work methods, systems and procedures.
- To improve the utilization of physical resources including facilities and equipment.
- To provide for new or improved information systems which will facilitate management planning and control.
- To ensure effective follow-up through the development of an overall implementation study.

Organization

The Management Study Task Force is lead by the four-member *Operations Board*: Chairman Charles J. Dirksen, Dean Emeritus and Consultant, Graduate School of Business, University of Santa Clara; Vice Chairman Peter B. Giles,

President, Santa Clara County Manufacturing Group; Vice Chairman Ronald R. James, President and Chief Executive Officer, San Jose Chamber of Commerce; and Executive Director Don K. Winterhalter, Branch Manager, IBM Corporation.

The Board established the task force's foundation and selected the elite group of area business executives who serve on the Executive Committee. In addition, the Executive Director conducts the day-to-day operations of the task force.

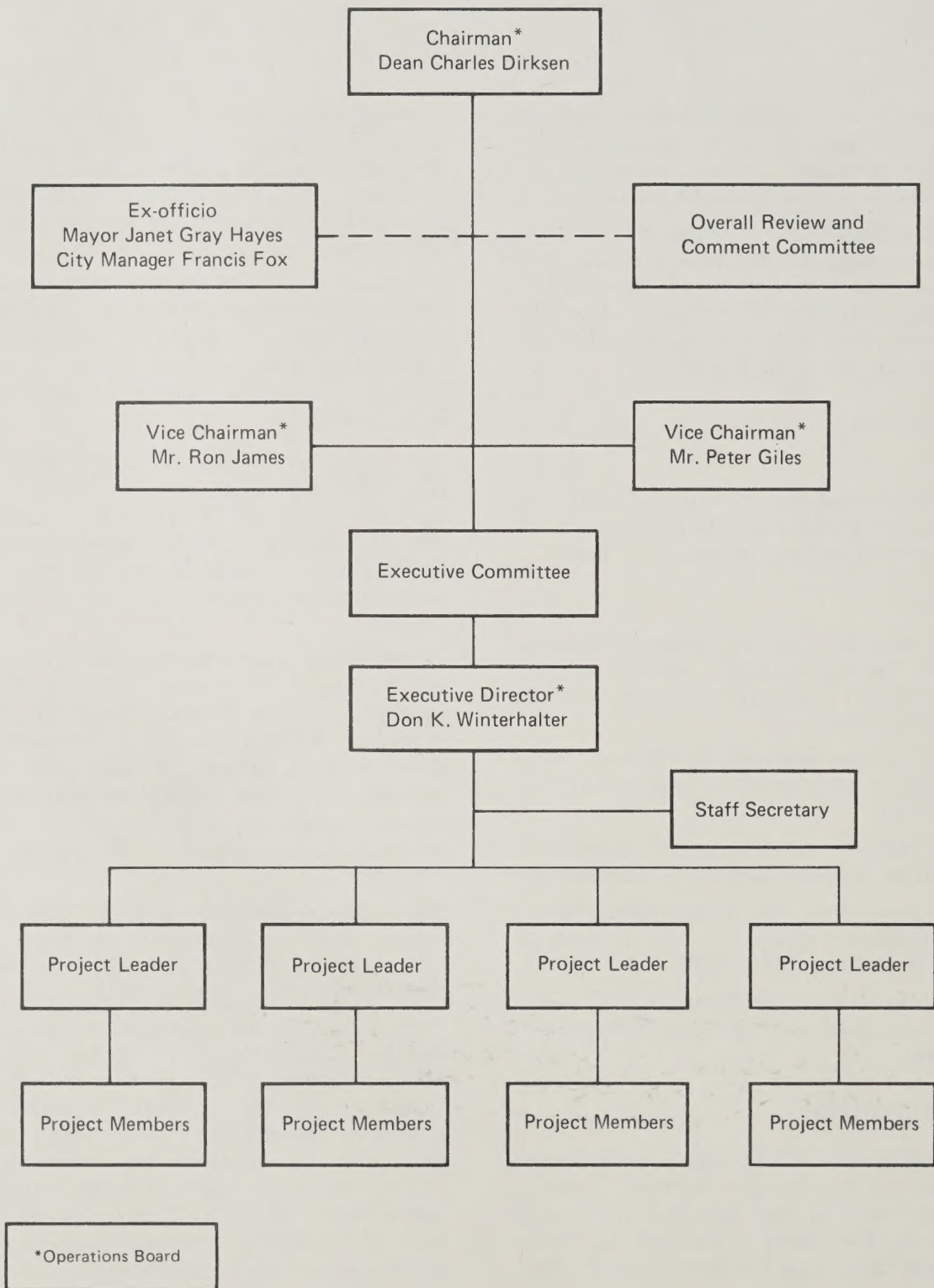
The *Executive Committee*, made up of 15 top executives, meets every six weeks to advise and counsel MSTF operations and ensure that objectives are being achieved. Executive Committee members also aid in supplying and recruiting executives to serve as Project Leaders.

A supportive committee, the *Overall Review and Comment Committee* (ORCC), headed by ORCC Liaison Sigmund Beritzhoff, Vice President, Wells Fargo Bank, meets every three months. Volunteers from the community and various associations serve on this committee and are on call to offer a broad perspective of expertise and manpower assistance.

The strategy used to carry out the study efforts will be through the use of project teams composed of a project leader and a select number of project members.

Project Leaders, are managers specializing in various organizational functions, and are selected by the Executive Committee and ORCC to actually conduct the evaluative studies in assigned areas of the City's operations. *Project members* are specialists in various disciplines within the private sector whose skills will be matched to the needs of each study activity. Responsibilities of these positions are outlined later in this section.

SAN JOSE MANAGEMENT STUDY TASK FORCE ORGANIZATION



Responsibilities

Chairman

- Provide comprehensive direction to Task Force
- Review Task Force progress weekly
- Recruit Executive Committee members
- Recruit loaned executives through Executive Committee member contacts
- Interface with City Council, Administration, and Executive Committee
- Act as focal point for external communication with press.

Vice Chairman

- Provide organizational direction of Task Force.
- Recruit Executive Committee members.
- Recruit members for Overall Review and Comment Committee (ORCC).
- Recruit loaned executives through members of both Executive Committee and ORCC
- Review the progress of each project group weekly.

Executive Committee

- Provide advice and counsel to ensure that proper direction and overall objectives will be achieved
- Assist identifying and selecting loaned executives who will devote their full time and expertise towards developing realistic recommendations to be included in the final report
- Review final formalized document report
- Participate in reviewing the implementation plan to insure maximum benefits are achieved.

Operations Board

- Evaluate and approve overall Task Force strategy
- Approve project areas and resource allocations
- Monitor progress of project teams for consistency and scheduling
- Review and approve all recommendations for final report.

Executive Director

- Develop operational methods and procedures for implementing Task Force project team activities
- Identify with City Manager and executive staff, major areas to be studied
- Coordinate assignment of project teams with study areas
- Communicate to the Project Leader the duties and responsibilities to be carried out by the Project Group
- Provide daily assistance to the Project Leader. Review the progress of project on a weekly basis.
- Review project status with Executive Committee ex-officio members, ORCC, Operations Board, the City Council, and Committee of the Whole, as scheduled
- Review and approve all recommendations for final report
- Coordinate activity to complete Final Formalized Document Report
- Ensure adequate implementation plans are clear and concise in final report
- Ensure proper measurements and controls are identified for effective follow-up throughout implementation stage
- Ensure proper staffing is available throughout project time frame
- Manage activity of Staff Secretary and all contract services
- Prepare schedules, agendas, and minutes for all ORCC, Executive Committee, and Operations Board meetings
- Provide support to Executive Committee and Operations Board as requested.

Overall Review and Comment Committee (ORCC)

- Convene every three months
- Review Task Force progress towards objectives
- Comment on recommendations and analysis
- Support requests for loaned executives through recruitment effort.

Project Leaders

- Manage overall study, recommendations, and implementation planning of assigned project.
- Establish and manage to concise time schedule to completion of meetings and reporting dates.
- Write for approval final report.
- Review findings and recommendations of each project with the appropriate Department Manager.
- Review with Executive Director weekly progress and identify concerns or necessary assistance needed.
- Maintain Activity Report of Project Members and Project Leader.

Project Members

- Conduct intensive review of specific project area.
- Research how other local government departments (with like functions) operate to solve similar problems.
- Communicate with agency members and project leaders with clear and concise results.
- Submit written documentation on every area studied.
- Adhere to time schedule of project as agreed upon with Project Leader.

Project Leaders—Selection

Qualifications

The Project Leaders will be asked to a) work with department managers of the City of San Jose to evaluate the overall project, and b) present a planned approach to the Operations Board. This approach would include staffing requirements and a project time schedule. The person filling the Project Leaders Position should generally be available full time to the Task Force from the start of the study effort to completion of the final report of the assigned project. The individual should have the ability to analyze financial reports and organization structures. Report

preparation and presentation skills are also important. It is recognized that the Project Leader should function more as a generalist during the term of the assignment.

Management Experience

Broad general management experience in following areas:

- Human relations
- Problem solving
- Delegation
- Staff work
- Communications
- Leadership

Project Leader—Responsibilities and Operating Guidelines

Specific Details

Manage overall study, recommendations and implementation planning of assigned project.

Each project has been identified by city management based on their judgment of current conditions, anticipated future budgetary restrictions, and levels of service needed to meet the City of San Jose's objectives.

The process of project selection and staffing requirements to be handled by the project leader and adopted by the Operations Board is as follows:

- Interview the City of San Jose department manager assigned to the project (see Project Leader — Preliminary Study Review and Preliminary Study Report).
 - Develop understanding of the overall mission of department or program area
 - Review department/program current program budget (or proposed — if available)
 - Review department/program current 5 year capital improvement budget
 - Identify major concerns as viewed by department manager
 - Identify areas of project that department manager feels is successful

- Prepare presentation to Operations Board/ Executive Committee (use the Preliminary Study Report) and include the following subjects:
 - Brief profile of department or program
 - How project fits to criteria
 - Major problem areas
 - Expected benefits
 - Expertise needed - staffing
 - Estimated time to complete project
- Work with Executive Director to select required staffing
- Define issues to be resolved and assign responsibilities to loaned executives
- Set time tables for study components
- Document all study activity
- Submit to Executive Director, Project Report weekly (see example)

Establish and manage to concise time schedule to completion of meetings and reporting dates.

- Schedule orientation meetings with team members selected prior to study activity and review project scope, responsibilities and assignments
- Schedule and conduct communication session with city management and employees who are responsible for the area(s) to be studied
- Designate and document reasonable target dates for each assignment
- Document and review status of project weekly with Executive Director (using Project Report form).

Write for approval final report.

The project leader will receive documented reports from each team member (see "Project Member's Responsibilities") on a weekly basis. It will be your responsibility to review these on a current basis to ensure that the program objectives can be met.

Prior to the final report printing, reviews with the Executive Director, Operations Board and Executive Committee must be conducted for approval.

In order to maintain consistency throughout the project of each final report, it is necessary to follow the recommended outline on the Project Report, i.e., Environment, Evaluation (Concerns), Recommendations, Benefits.

The primary objective of the Task Force is to recommend improvements for cost, efficiency or resource management reasons. Therefore, much of the study effort will be critical, from a constructive viewpoint, and should be objective. It is important to identify any processes or programs that are handled in a highly satisfactory manner.

Review findings and recommendations of each project with the appropriate Department Manager.

- Conduct ongoing feedback sessions with City Coordinator to review findings and formulate recommendations.
- Consider the implications and affects the recommendation will have on other departments and programs within the City.
- Prior to submitting final report to the Executive Director, request the review and concurrence of the City Coordinator.

Review with Executive Director weekly progress and identify concerns or necessary assistance needed.

- Submit documentation of weekly project progress and indicate estimated completion date
- Indicate problem area(s) which may impede the completion of the project and identify resources or other suggestions necessary to move the project along to conclusion.

Maintain Activity Report of Project Members and Project Leader.

- Attach summary of time related to each project member to the final report (use Activity Report form)
- Most expenses will be paid by your employer. However, expenses incurred which are directly related to your activity for the Task Force are reimbursable. See Administrative Details Section for instructions on reimbursements. Summarize nonreimbursed expenses from activity report and attach to final report.

Project Member— Responsibilities and Operating Guidelines

Specific Details

Conduct intensive review of specific project area.

Each project member was selected because of specialized knowledge in the area that they are studying. The specific project area needs intensive review which will be pieced together by the project leader into the overall departmental picture.

The Task Force's objective is to recommend improvements for cost, efficiency, or resource management. Keep this in mind as the review is conducted.

The process of reviewing the specific project area includes the following steps:

- Review materials which explain the scope of the Management Study Task Force. Develop an understanding of the project member's place in the overall picture.
- Talk with the project leader about the breadth of the specific project. Understand your role and duties.
- Review materials the project leader has supplied. Also review the Project Leader's Preliminary Study Report which can serve as a reference for the sort of departmental documents to study. Refer to the resource check list which is stated at the end of the report.
- Attend the communications session the project leader conducts with involved departmental management and employees. This meeting will introduce members to the study's function, encourage input, and serve as a preventative measure for possible problems (i.e., feelings of job insecurity).
- Observe and interview department members to see how things are actually done within the department. Compare this to theory according to departmental documents. Be inquisitive.

- Utilize any other internal or external sources that will aid in understanding the problems and possible courses of action.

Research how other local government departments (with like functions) operate to solve similar problems.

To aid in understanding the realm of the situation and to help cover all angles, review similar programs.

- Look at city governments that are similar to San Jose in size and demographics. What are they doing in this area? Examine cities that have done similar studies and developed solutions to problems like this one.
- Also look at the private sector for leads to solutions. Review what your corporations or other organizations in the area have done to efficiently organize and maintain a similar or related program.
- If applicable, review what is done at home and see if it can be expanded to fit this specified area. Think creatively when viewing possible courses of action.

Communicate with agency members and project leaders with clear and concise results.

The project is a partnership and this should be evident with ongoing input and feedback from agency members. This exchange of ideas is necessary to understand the project's scope and to ensure that it runs smoothly. Constant communication with your project leader is also necessary.

When communicating verbally with agency members and project leaders:

- Establish a friendly atmosphere that encourages communication
- Make communication a consistent, ongoing process
- Remember communication is a two-way street. Listen carefully to what others are saying. If a point is unclear, rephrase it in your own words and repeat it to its originator. Likewise, make sure your points are clear to others.

- Be courteous. Focus on the present, not the next item on your schedule.
- Treat each communication as a learning situation. Not only do you have something to say, but something to learn through others' feedback.
- Encourage response and suggestions

Submit written documentation on every area studied.

A continuous form of feedback is necessary to ensure you are on the right track in your studies. This should be done in writing as well as through verbal interface.

A Project Report should be submitted to the Project Leader on a weekly basis (the exact time table scheduled with your Project Leader).

The report:

- Identifies suggested action.
- States the objective of the specified project
- Evaluates the environment, problems, recommendations and benefit as they apply to the specified project
- Specifically outlines benefits in terms of cost savings, and/or improved effectiveness. In your mind outline objectives and then convey them in the report. When writing reports, be clear and concise. Don't use ten words when one will do. Be specific, avoid words and phrases that are vague.

Adhere to time schedule of project as agreed upon with Project Leader.

It is the responsibility of the project member and project leader to set a schedule of activities and deadlines. Be sure both of you understand the points and what each is expected to do. Meet with the project leader on a timely basis to assure smooth flow of activities and to clear up any problems.

The nature of the study and its time limitations makes it necessary to adhere to the time schedule that is established.

Project Criteria

The Project Criteria sets the framework for the City Administration to select the areas to be studied. It is not intended that the project be selected based on all the points of criteria. It is intended that the projects to be studied be evaluated with these points in mind. It may be difficult to project solutions to each criteria point due to lack of information or knowledge on the part of the project leader or city department manager.

- Data Availability
 - Is it valid
 - Vertical and horizontal
 - Comparative
- Magnitude of Potential Savings
 - Current year — 5 year total
 - Capital improvement opportunities
- Cost to Obtain the Savings
- Time to Obtain the Savings
- Risk to Successful Accomplishment
 - Skills available (external and internal)
 - Support of City Council members
- Return on Investment
 - Combining cost and savings
- Importance of Project to City of San Jose
- Impact on Quality of Service

Project Criteria Guide

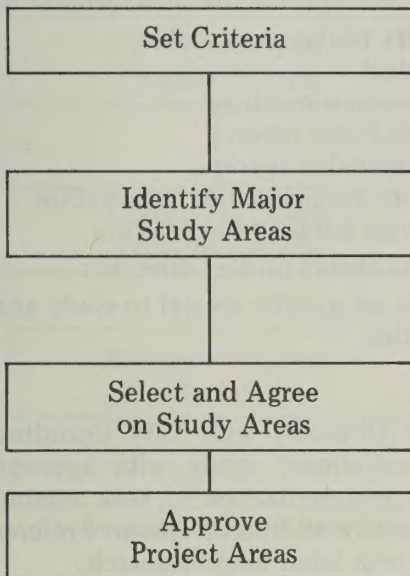
The Project Criteria Guide outlines points that should be considered when evaluating any project area. This will serve as a checklist to research all sources and identify sources that may have to be obtained from other areas, i.e., — like cities — like businesses in private industry, etc.

Study Activities

- Review data sources
 - 79-80 adopted program budget, internal reports
 - Review past studies/task force reports/commission reports/consultant reports
 - Review comparative data from “like” cities or private industry
- Review procedures of present processes
- Review organization structure
- Analyze data for:
 - Total expense : \$’s current - projected 5 year
- Total positions: # and \$’s current - projected 5 year
- Total equipment used: # and \$’s current - projected 5 year
- Potential savings - opportunities
 - \$ saved - what area - how -
 - Equipment
 - People
 - Procedures
 - Organization
- What will it take to realize savings
 - \$ - people - equipment
 - Loaned executives time
- Analyze - who can affect change
 - External assistance required
 - Internal expertise available
 - Comments/opinions on Council approval and support
- What quality of service benefit will there be as a result of any recommended change

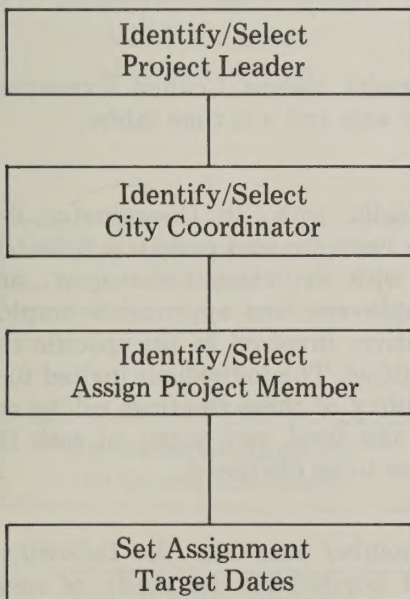
Task Force Study Approach and Work Plan

I. Identification of Project (Area)



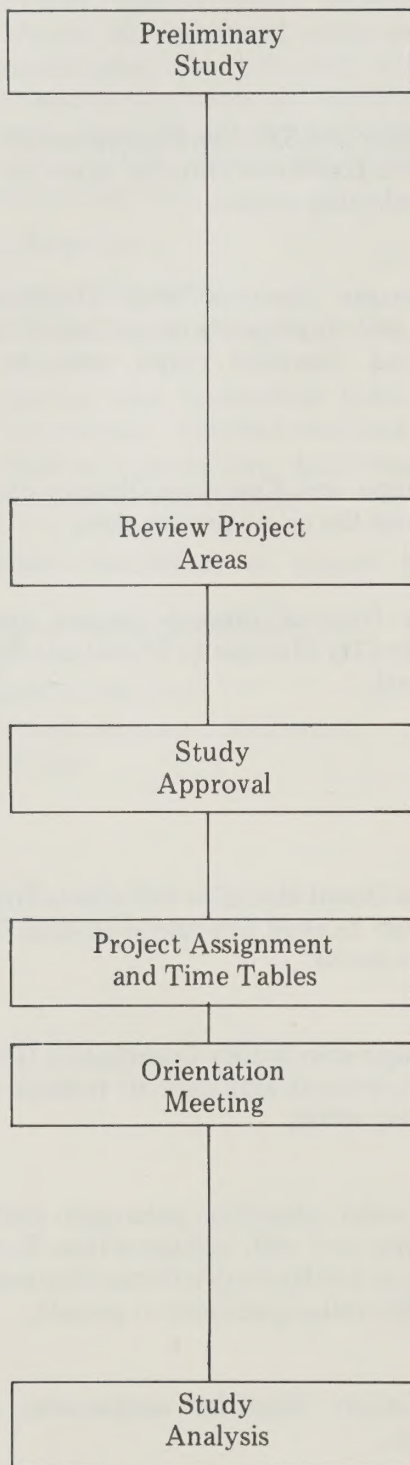
- a) City Manager and San Jose Management Study Task Force Executive Director agree on criteria for selecting project.
- b) City Manager discusses with Department Director and appropriate management staff criteria and identifies major areas to be studied.
- c) City Manager and Executive Director discuss and agree on the major project areas.
- d) Executive Director presents project area(s) selected by City Manager to Operations Board for approval.

II. Study Team Organization



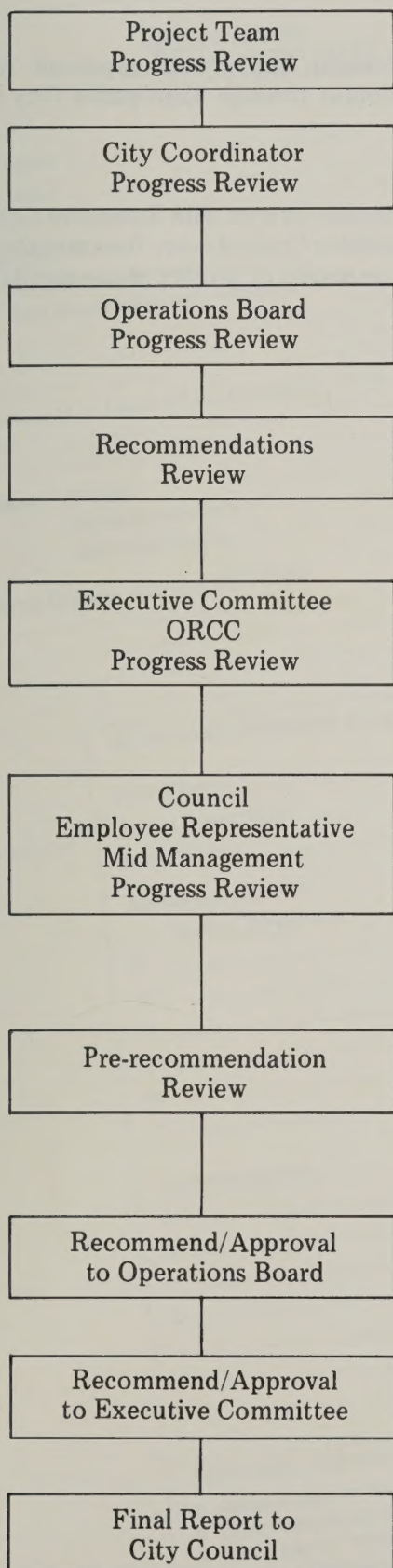
- a) Operations Board identifies and selects Project Leader from Loaned Executives offered from the private sector.
- b) City Manager selects City Coordinator (Director or Department Manager) to manage city side of study effort.
- c) Project Leader identifies personnel staffing requirements and with assistance from Executive Director and Executive Committee assigns Loaned Executive Specialists to project.
- d) Project Leader identifies assignments and target dates.

III. Project Study Activities



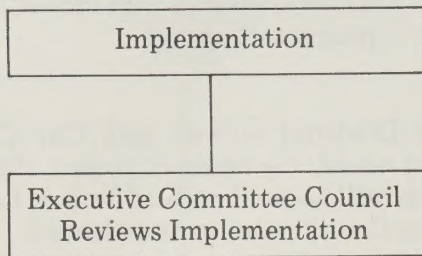
- a) Project Leader conducts preliminary study with City Coordinator, affected Department Director, and appropriate Management Staff.
 - Identify resources available
 - Budget
 - Operation manuals
 - Task Force reports
 - Commission reports
 - Other municipalities information
 - Private industry information
 - Discuss overall project direction
 - Decide on specific area(s) to study and set priorities.
- b) Executive Director, with City Coordinator, reviews preliminary study with appropriate employee representatives to seek comments and to identify additional resource references based on prior labor union research.
- c) Project Leader reviews study justification with Executive Director, Operations Board, and Executive Committee for approval to carry out study.
- d) Project Leader assigns Loaned Executive to each study area and sets time tables.
- e) Project Leader, with City Coordinator, determines the need for and conducts orientation meetings with department managers, supervisors, employees, and appropriate employee representatives involved in the specific study areas identified. The individuals invited to and the scheduling of these meetings will be made based on the level and scope of task force information to be discussed.
- f) Project member may use the following resources in conducting the study of specific areas for clarification: reports, data, interviews with management, employees, and appropriate employee representatives.

IV. Review and Recommendation Approval Process



- a) Project Member(s) reviews with Project Leader *weekly* — progress of project.
- b) Project Leader(s) reviews with City Coordinator(s) *weekly* — progress of project. (Periodic meetings will be held with all Project Leaders and City Coordinators in attendance.)
- c) Project Leader(s) reviews with Executive Director and Operations Board *weekly* — Progress of project.
- d) Project Leader(s) reviews recommendations with City Coordinator(s), affected Department Directors and appropriate management staff for understanding (not necessarily concurrence).
- e) Project Leader(s) or Executive Director reviews progress with the following committees:
 - Executive Committee
 - Overall Review and Comment Committee
- f) The Executive Director reviews progress with and seeks comments from the following individuals or groups:
 - Council Members
 - Employee Representatives (business agents or presidents only)
 - Mid Management Group
- g) Project Leader and Executive Director conduct review and seek comment on project in meeting with all of the following in attendance: City Manager, Operations Board, Project Leader and City Coordinator.
- h) Project Leader presents recommendations to Operations Board for approval and subsequently prepares report for final documentation.
- j) Executive Director presents final recommendations to Executive Committee for approval.
- i) Operations Board/Executive Director submits final report to City Council.

V. Implementation and Evaluation Process



- a) City Manager implements approved recommendation(s) through appropriate City Coordinator.
- b) City Manager reviews with Executive Committee Evaluation Council every four months progress of or results of project recommendations.

Report Examples

PROJECT LEADER SAN JOSE MANAGEMENT STUDY PRELIMINARY STUDY REVIEW

Project Leader _____ Date _____
Project Name _____

Current Operation:

Dept./Program Director _____
Dept./Program Mission (as stated in '79-80 Program Budget) _____

Relationship to Adopted Goals (as stated in '79-80 Program Bu _____

Budget: Program _____
Capital Improvement _____
Authorized Staffing _____

Stated Concerns (City and SJMS Team) _____

SAN JOSE MANAGEMENT STUDY Project Leader's Preliminary Study Report

Project Name _____ Date _____
Project Subset Name _____
Project Leader _____
City Staff Coordinator _____ Phone # _____
Project Description: _____ Phone # _____

Criteria Evaluation Review (brief summary of Attachment A): _____

Projected Benefits:

	One Time	Annual	
Cost Savings	\$ _____	\$ _____	Improved Effectiveness _____
Added Income	\$ _____	\$ _____	Added Cost _____

Page 2

Project Leader's Preliminary Study Report

Project Name _____ Date _____
Project Subset Name _____
Project Leader _____ City Coordinator _____

Staffing Requirements:

Project Assignments

	Estimated Time Schedule
A _____	_____
B _____	_____
C _____	_____
D _____	_____
E _____	_____
F _____	_____

Specialists Needed:

	Name	Company
A _____	_____	_____
B _____	_____	_____
C _____	_____	_____
D _____	_____	_____
E _____	_____	_____
F _____	_____	_____

RESOURCE CHECKLIST:

- Adopted Program Budget (79/80)
- Department Budget Reports
- Staff Reports — Status
- League of Cities Resource Data
- Organization Chart
- Other Task Force Study Reports
- Commission Reports
- Consultant Studies
- Dept. Operating Manual

SAN JOSE MANAGEMENT STUDY
PROJECT REPORT

Page _____ of _____

SAN JOSE MANAGEMENT
PROJECT REPORT

Assigned Date _____ Date _____
Report # _____ Final Report: Yes _____ No _____

Project Name _____
Project Leader _____
City Staff Coordinator _____

TO BE TAKEN BY:
Charter Change _____
Attorney _____
_____ City Clerk
_____ City Auditor

ACTION TO BE TAKEN BY:
 _____ Council _____ Charter Change
 _____ City Manager _____ City Attorney

OBJECTIVE:

Environment, Evaluations (Concerns), Recommendations, Benefits:

Projected Benefits:

One Time

Annual

Improved Effectiveness—
Cost—

Added Cost

Chairman approval

Cost Savings
Added Income

Project Leader

City Staff

SAN JOSE MANAGEMENT STUDY TASK FORCE

Activity Report

Name _____

Unreimbursed
Expenses

Date _____

Activity Summary

Time

Expenses

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